



### PART I – BRIEF ANALYSIS OF THE CONTEXT AND PAST EU ENGAGEMENT

#### - THE STATE OF CS: BRIEF UPDATE ON RECENT DEVELOPMENTS

Civil society is vibrant in Ukraine, with approximately 20,000 active CSOs operating in a wide diversity of areas. CSO activity is not limited to the capital city Kyiv: one quarter of Ukrainian CSOs is based in the capital, and active CSOs are numerous in the regions, most notably in Odesa, Lviv, Dnipropetrovs'k and Kharkiv. According to the yearly monitoring carried out by the Institute of Sociology of the National Academy of Sciences<sup>1</sup>, the level of trust in CSOs and charity organisations has increased almost threefold from 2014 to 2017, from 13% to 37%. Overall, the level of individual engagement and civic activism remains rather low with less than 20% of Ukrainians being members of CSOs.

In addition to traditional CSOs, a growing number of agencies are searching for new forms for the mobilisation and inclusion of citizens, experimenting with new forms of association, such as group initiatives, hubs and social enterprises. The particular medium for this may be art and culture, digital communication, educational, new service provision, or community development.

Since 2014, significant changes have taken place in the general environment for CSO activity. The legislative framework has been modernised and there is now a stronger engagement of civil society in the design and implementation of public policies. Since 2013, a significant increase in civil society activity has been observed in Ukraine, and the interest of the citizens and their willingness to volunteer in CSO activities has seemingly grown. CSOs are perceived to play an important role in the development of a new political and administrative culture in the post-Maidan Ukraine, in particular as regards promoting transparency and accountability in the public life.

The development of thematic civil society networks and platforms, in particular the National Platform of the EaP Civil Society Forum, has had a consolidating impact and strengthened capacity in the civil society. The importance of working in coalitions and of creating synergies between the activities of different CSOs is now widely understood.

The violent conflict in the East of Ukraine has strongly affected CSOs in the affected region. The conflict has had a strong negative impact on the freedom of expression and rights to association and peaceful assembly. Independent and pro-Ukrainian media, as well as civil society activists, are unable to operate freely in the Donetsk and Luhansk regions where censorship and intimidation are commonplace<sup>2</sup>. Many local CSOs, in particular those focusing on defence of human rights, have been forced to close down their activities or to be relocated. In total approximately 1.6 million people are estimated to be internally displaced due to the conflict. The CSOs that remain in the regions affected by the conflict now focus mainly on humanitarian work. The overall environment for Ukrainian civil society organisations (CSOs) can be characterised as rather favourable, with a satisfactory legal framework and vibrant and diverse civil society actors, especially in such sectors as European integration, human rights protection and environment/green society.

Funding opportunities have increased in the last 4 years, as the major source of support comes from international donor organisations, with very few local foundations and growing but still limited crowd

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<sup>1</sup> <http://i-soc.com.ua/assets/files/monitoring/dodatki2016.pdf>

<sup>2</sup> <https://monitor.civicus.org/newsfeed/2016/06/01/ukraine-overview/>

## EU ROADMAP FOR ENGAGEMENT WITH CIVIL SOCIETY IN UKRAINE



funding. The State has been developing instruments for CSO funding to make such areas as culture, social services, science, and regional development more competitive. However, the outdated by-laws and administrative requirements make it difficult to use public funding effectively. Some international organisations are attempting to introduce models for public funding, including a specific national fund, and pool international funds but current legislative environment does not provide any ground for success.

While the formal organisational aspects of CSOs have improved, the following factors still hamper the functioning of civil society in Ukraine. Two examples are:

- Continuous pressure and numerous attacks targeting CSOs activists, followed by the lack of proper investigation;
- Legislative, administrative, fiscal and judicial pressure on CSO activities. Despite numerous appeals of the donor community, the e-declarations introduced for anti-corruption organisations in 2017 remain in place.

### - **LESSONS LEARNT FROM THE EU ENGAGEMENT SO FAR**

EU support to civil society in Ukraine has made a crucial contribution, strengthening citizens' capacity to address issues that are fundamental both for the future of Ukraine and, at the end of the day, also for the basic values of democracy and tolerance cherished by the European Union. However limited in the context of a large country, the contribution has nevertheless been of critical importance in a difficult and turbulent time. Nonetheless, a number of lessons learnt have been drawn since the implementation of the previous Roadmap, including:

- The size and procedural burden related to the direct EU funding substantially limits the number of NGOs able to apply;
- The areas in which CSOs work are largely donor-driven and financial sustainability in between projects remains a problem;
- Smaller, regional organisations tend to be competitive, rather than cooperative.

EU-Ukraine cooperation since 2014 has been evolving along three main axes: stronger economy, stronger governance and stronger society. Within the latter emphasis has been made on re-enforcement of civil society and free and diverse media, improved respect for Human Rights, electoral and parliamentary reforms and support to cope with massive displacement of population as a fall-out of the conflict in eastern Ukraine.

The current SSF stipulates that participation of the civil society is mainstreamed into all focal sectors (plus up to 5% complementary support). Civil society organisations are expected to play a more direct role in the implementation of activities, holding the government to account, monitoring reform and being a genuine partner for the government. An up to 5% complementary envelope is foreseen for targeted support in order to ensure a stable source of funding for civil society organisations and target their capacity-development, including for those working outside the focal sectors.

### - **RELEVANT REFERENCES AND SOURCES TO DEEPEN THE UNDERSTANDING ON THE STATE OF CS AND EU ENGAGEMENT WITH CS**

<https://cup.columbia.edu/book/civil-society-in-post-euromaidan-ukraine/9783838212166>

## PART II – EU STRATEGY AND ACTION PLAN TO ENGAGE WITH CSOs

KEY CHALLENGES AND OPPORTUNITIES	PRIORITIES FOR EU ENGAGEMENT WITH CS	TARGETS OF EU ENGAGEMENT WITH CS	ACTIONS/ACTIVITIES (analysis, policy dialogue, financial or non-financial support)	INDICATIVE MEANS (programmes/instruments, etc.)
<b>General EU engagement with civil society</b>				
<p><i>Innovative approaches in steering social change are developing and should be encouraged.</i></p> <p><b>Opportunities:</b> Some CSOs are successful in applying innovative approaches in: a) reaching out to their constituencies, b) problem solving of their beneficiaries and/or communities, mobilising citizens, c) ensuring participation, representativeness and impartiality over certain issues and processes, d) application of ICT in social impact solutions, e) creating ties between CSOs and business. This has potential in further development and multiplication of CSOs' endeavours as well as ensuring wider coverage and cohesion across the country.</p> <p><i>Sectoral mainstreaming along the Association Agreement (AA) is in its early stage.</i></p> <p><b>Opportunities:</b> Human rights, social services and health energy and environment are the sectors where CSOs managed to make legislative and social changes and impact due to their joint efforts.</p> <p><b>Challenges:</b> There is a lack of coalition building and networking among CSOs, especially in relation to specific AA sectors. To make CSOs voice stronger, ensure their representativeness, increase capacity and expertise, and to have sectoral mainstreaming of CSOs actions, thematic networking, partnership and coalition building should be promoted and supported.</p> <p><i>Partnership building and networking is rarely present.</i></p> <p><b>Opportunity:</b> Encourage regional cooperation. This can be an added value to thematic networks, where one condition for support from the EU could be that applicants consist of CSOs from different regions, in terms of their economic development.</p> <p><b>Challenges:</b> Many CSOs stated that they do not belong to any formal network. Therefore it could be observed that the practice related to the development, establishment and management of CSOs' partnerships and networks has been insufficiently steered.</p>	<p>Vibrant and innovative CSOs that contribute to positive social change in Ukraine</p> <p>Support thematic/ sectoral (regional) networks' actions</p>	<p>Increased share of CSOs who apply innovative approaches when reaching out to constituencies, problem solving, citizens' mobilisation, participation, achieving social impact and when cooperating with private sector</p> <p>Increased share of CSOs who join thematic/sectoral coalitions/ networks/ platforms</p> <p>Reasonable ratio of CSOs in coalitions/networks from urban vs rural areas, and from more developed vs. less developed regions</p> <p>Establish more balanced regional and cross-country coverage by the CSOs coalitions/networks</p>	<p>Calls for proposals include innovation as one of the criteria to be taken into account when applying for the EU grant scheme</p> <p>Grant for thematic networks</p> <p>Calls for proposals include regional coverage and diversification of CSOs as criteria for selection</p>	<p>CSSP/ ENI/ CSO-LA/ EIDHR/ EED</p> <p>MS</p> <p>other international donors?</p>

**Engagement with civil society in priority sector A: Enhance efforts to promote a conducive environment for CSOs in partner countries**

<p><i>Freedom of assembly, speech and expression, and access to information</i> can be regarded as positive in Ukraine, but should not be taken for granted.</p> <p><b>Opportunities:</b> <i>Freedom of assembly</i> is guaranteed by the Constitution with prior notice, where the time frame for prior notice is not defined. <i>Freedom of speech and expression</i> is at a satisfactory level, and there is a <i>law on access to information</i>. There is also an <i>Open Data Law</i>. It is relatively easy to register an NGO.</p> <p><b>Challenges:</b> While freedom of expression and assembly is established, these are often prone to regression, especially in the transition countries. Officials can perceive CSOs as critics of the government, i.e. 'being on the opposite side'. Freedoms can be curtailed by subtle amendments to legislation and/or by poor implementation of existing laws. There is an increase of right wing organisations that confront human rights watchdog organisations and activists.</p> <p><i>Volunteering</i> is vibrant.</p> <p><b>Challenges/Opportunities:</b> How to maintain and further build on/support such trend? There is no difference between CSOs and the private sector in the <i>labour law</i>.</p> <p><b>Challenges:</b> It is expensive for CSOs to have full-time employees. Normally individuals are hired as sole proprietors. This has negative effects on organisational development and on competitiveness. CSOs have difficulties in presenting accurate numbers of employees and their overall economic value for society.</p> <p><i>Public funding for CSOs needs significant improvement.</i></p> <p><b>Opportunities:</b> There are public funds to support CSOs actions at different levels. Public funding for CSOs requires substantial reform at all levels. There are good examples of e-participatory budgets in some oblasts and cities.</p> <p><b>Challenges:</b> The criteria for accessing funds often change and are not clear. Administrative requirements are extremely complicated. Funds are often delayed. The duration of projects is less than a year. Many CSOs rarely seek public funding as the system is too opaque. Some international organisations are attempting to introduce models for public funding, including a specific national fund. This could potentially harm the required overall model and structures to support CSOs and may</p>	<p>Legal and policy environment enables the exercise of the rights of freedom, expression, assembly and association</p> <p>An enabling financial environment supports sustainability of CSOs.</p>	<p>Continuous comparative monitoring and analysing of legislation and policy framework is in place.</p> <p>Legislation provides for freedom of speech without state interference, freedom of assembly without discrimination and hindering conditions, and for accessible, timely and inexpensive registration of CSOs</p> <p>5,4 % of total workforce is employed in CSO sector (<i>EU average</i>)</p> <p>The contribution of volunteers to GDP is 1,3 % (<i>EU average</i>)</p> <p>Labour legislative framework (including active employment policy) is not discriminative towards CSOs<sup>3</sup> and promotes employment in general (including CSOs)</p> <p>Legislative framework is simulative towards promotion of volunteering</p> <p>80 % of CSOs perceive</p>	<p>Analyses for different areas identified under this priority</p> <p>Policy papers for different issues addressed under this priority</p> <p>Grants for CSOs advocacy actions in the areas identified under this priority (notably for CSOs coalitions and networks)</p> <p>Establish and support impartial monitoring system for issues addressed under this priority</p> <p>Technical assistance to CSOs that will support steering processes and fora along the issues under this priority and contribute to capacity development at institutional level</p>	<p>CSSP/ ENI/ CSO-LA/ EIDHR/ EED/ EU MS programmes</p>
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<sup>3</sup> While labour law as such probably is not discriminative (= does not put CSOs as employers in a different position as other employers. e.g. with different conditions or demands), this may happen with other labour connected legislation and its implementation, especially active employment policy. Labour legislation would be discriminative, if, for example, subsidy for employment of people registered as unemployed would be available only for public institutions and/or business sector and not for CSOs.

<p>result in ineffective public fund/ funding.</p> <p>Public funding should take into consideration the state structures, mechanisms and legal framework for support to CSOs, and prospects for cooperation with EU. Though there are good examples for e-participatory public budgeting, this is still prone to corrupt practices such as conflict of interests when nominating, deciding and accessing funds.</p> <p><i>Fiscal framework concerning CSOs needs improvement.</i></p> <p><b>Challenges:</b> CSOs pay tax on costs associated with the implementation of activities, such as refreshments, accommodation and travel costs, etc. CSOs often find 'creative' ways of reducing such costs. However, this undermines their compliance with audit standards and puts at jeopardy their work. Moreover, it damages their image in terms of transparency their overall legitimacy.</p> <p><i>Financial incentives for individual and corporate giving require attention.</i></p> <p><b>Opportunities:</b> Currently there are provisions for tax deductions for corporate giving up to 4% (according to interviewees). There is a culture of donations, especially by individuals.</p> <p><b>Challenges:</b> In practice, mainly privileged business individuals can benefit from the legal provisions for tax deductions for corporate donations. Legislation for individual donations creates an administrative burden on individuals willing to give and does not recognise the benefits for individual philanthropists.</p> <p><i>Provision of social services by CSOs is an important feature in the overall system of social services.</i></p> <p><b>Opportunities:</b> There is a high demand for CSO support in provision of social services, because the state is unable in many cases to deliver. In some cases, CSOs were successful in agreeing with government on standardisation of certain areas of social services. CSOs access some public funds through e-participatory public budgeting at Oblast and city level.</p> <p><b>Challenges:</b> There are a number of challenges including: Services provided by the state either do not exist or are of low quality.</p>		<p>financial, including tax, rules as reasonable, clear, proportionate to CSO turn-over; in their opinion, an efficient support system is in place (clear instructions, knowledgeable financial public officers)</p> <p>Financial, including tax, rules are clear, understandable and proportionate to CSOs' turn-over</p> <p>Travel costs, accommodation, meals, and other costs related to implementation of CSOs activities are income tax free</p> <p>Legislation provides for stimulating tax incentives for corporate and individual giving:</p> <ul style="list-style-type: none"> <li>- tax relief in the amount of 5 % of taxable income for corporations,</li> <li>- tax relief in the amount of 10 % of taxable income for individual persons</li> </ul> <p>Income from CSOs mission-related economic activity<sup>4</sup>, is tax free, and this provision is applied in practise</p> <p>State provides funding for</p>		
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<sup>4</sup> Mission-related economic activity is economic activity, implemented by CSO, which is directly connected to CSO's mission and the income from it is solely used for the realization of such mission.

<p>There is no uniform quality control system.</p> <p>Some CSOs deliver services on government contracts even though it is not in their charter to do so nor with any internal quality control mechanism.</p> <p>Government contracts tend to be of less than one year's duration. This puts a burden on securing continuity of such services to those individuals in need.</p> <p>In general, there is a need to enable equal participation for all categories in need for social services, especially when accessing public financial support. Furthermore, in order to ensure adequate and good quality care, there is a need for further standardisation or compliance with specific state orders for such services. Finally, there is a need to extend the duration of the social service projects funded by public funds. In order to ensure quality, there is a need to have a good monitoring system during the implementation of social service projects.</p> <p><i>CSOs can engage in economic activities, but in practice face challenges.</i></p> <p><b>Challenges:</b> CSOs' economic activities can put in jeopardy their non-profit status. In practice the law is open to interpretation by the tax authorities. Often their understanding is completely opposite to understanding of CSOs. Therefore, CSOs are faced with difficulties when utilising their rights to engage in economic activities, due to rigid interpretation of accompanying rules and obligations by tax authorities.</p> <p>There are efforts for taking care of endangered or marginalised social categories by social entrepreneurship, but their efforts are not supported by legal framework.</p> <p>Ukraine does not have a law on social entrepreneurship. There is a need to distinguish a social entrepreneur from others. Moreover, there is a lack of consistency from donors and others on what constitutes a social enterprise and its applicability. Practitioners, particularly those that attempt to employ the socially vulnerable, can face the prospect of paying double salaries (the vulnerable and a 'carer' and seeing the former's benefits, such as they are, being reduced or withdrawn.</p> <p>Companies who are socially responsible and CSOs who have economic activities, should not be confused with social enterprises. It is possible that some aspects of a social enterprise can be accommodated through changes to associated laws (labour law, fiscal law, social benefits law), rather than having a law on social enterprise as such.</p> <p><b>Opportunities:</b></p> <p>Social entrepreneurship can be an innovative and useful way of integrating some social categories into a normal social life. Social entrepreneurs in Ukraine see that only having a law on social entrepreneurs is not sufficient for generating social entrepreneurship. They need to have a sufficiently enabling environment. However,</p>		<p>the implementation of 80 % of public policies, identified in policy documents, for which CSOs are identified as key actors for implementation</p> <p>Legal framework for public funding includes: public funding on the basis of policy papers, inclusion of beneficiaries in programing of the tenders, clear criteria published in advance, deadlines for decision, merit decision with arguments, evaluation of achieved outputs and outcomes on the project and program level, possibility of prepayments, multi-annual contracts and reasonable financial/administrative procedures.</p> <p>Ensured quality and standardization of social services provided by CSOs</p> <p>Stimulating environment (legislation and practice) for social entrepreneurship (including labour law, fiscal law, social benefit law, etc.)</p>		
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that environment should not distort overall market of Ukraine.				
<b>Engagement with civil society in priority sector B: Promote a meaningful and structured participation of CSOs in the domestic policy arena of partner countries, in the EU programming cycle and in international processes</b>				
<p><i>Current structures for government's support to CSOs could be regarded as a good intention but is insufficient.</i></p> <p><b>Opportunities:</b> State/government's structures to support CSOs are minimal. There are possibilities to devise structures appropriate for CSO needs.</p> <p><b>Challenges:</b> The current focal point for cooperation with CSOs is within the President's administration. This is advisory and has little power to change conditions for CSO development. There is a Strategy for CS development, but the accountability in relation to and ownership of the strategy is unclear. It is also not clear who is responsible for the implementation of the Strategy. The Strategy is monitored, but its impartiality and the rigour of the process should be improved. The process should be more participatory in order to achieve greater outreach and relevance.</p> <p>Potential of <i>CSO Coordination Council</i> is not fully utilised.</p> <p><b>Opportunities:</b> The Council should be further enhanced and considered thus enabling greater and more substantive dialogue between CSOs and governments.</p> <p><b>Challenges:</b> Representativeness of the CSOs in the Council could be further enhanced by enabling equal participation and representativeness of CSOs' voice in the country.</p> <p><i>Available structures for CSOs-gov. dialogue have potential.</i></p> <p><b>Opportunities:</b> Each ministry, city and oblast have so called public councils, where CSOs can influence public policies in certain areas. Some of these structures work others do not. In addition, there are regional coordination councils, which multiply efforts of the national CSOs coordination council at the regional level.</p> <p><b>Challenges:</b> The Public Councils often do not function well. Most CSOs are not satisfied with the content, representativeness and management of the meetings of the public councils. The selection of members of public councils is perceived as often lacking transparency and encouraging favouritism. Decisions reached at the meetings of the public councils are often are not taken into consideration and the publication of decisions to the wider public is perfunctory.</p> <p>The regional CSO councils are less transparent. They theoretically could play a useful role but are currently governed by confused regulations and lack a specific purpose.</p> <p>A draft law on public consultation is close to being adopted. Nevertheless, having the</p>	<p>Civil society and public institutions work in partnership through dialogue and cooperation, based on willingness, trust and mutual acknowledgment around common interests</p>	<p>Established effective and functional state structures for support and contributions to development of CSOs</p> <p>Strategy for development of CSOs regularly updated/ developed via open and country wide participatory process</p> <p>80 % of laws/ bylaws, strategies and policy reforms effectively consulted with CSOs (ensuring proper CSOs representativeness)</p> <p>Mechanisms for dialogue are clear, open, accessible and efficient (issues are resolved in timely manner) on governmental, ministerial, oblast, city level</p> <p>Mechanisms for dialogue ensure adequate CSOs representativeness</p> <p>Mechanisms for EU/international consultations with CSOs established and functioning</p> <p>Mechanisms for EU/international consultations ensure adequate CSOs</p>	<p>Technical assistance to Ukraine government to establish necessary structures for CSOs development</p> <p>Technical assistance to CSOs that will support steering processes and fora along the issues under this priority and contribute to capacity development at institutional level</p> <p>Analyses for different areas identified under this priority</p> <p>Policy papers for different issues addressed under this priority</p> <p>Grants for CSOs advocacy actions in the areas identified under this priority (notably for CSOs coalitions and</p>	<p>CSSP/ ENI/ CSO-LA/ EIDHR/ EED</p> <p>MS</p> <p>Other international donors</p>

<p>law does not necessarily mean that there will be effective consultation on the overall legal and policy framework.</p> <p><i>Effectiveness of CSOs' engagement in international processes should be improved.</i></p> <p><b>Opportunities:</b> Due to many existing innovative approaches to social change, the country's transition process, and overall context, CSOs from Ukraine have a lot to offer internationally, and can also build on experiences from elsewhere.</p> <p><b>Challenges:</b> Ensuring diversification of CSOs taking part in international processes, could be a challenge. Often those closer to the donor community have a greater chance to be involved in such processes. Ensuring broader participation could also be challenge in terms of how to motivate CSOs to share their learning and experiences with other CSOs and how to have greater outreach throughout the country when doing so.</p>		representativeness	networks) Establish and support impartial monitoring system for issues addressed under this priority	
<b>Engagement with civil society in priority sector C: To increase Ukrainian CSOs' capacity to perform their roles as independent actors</b>				
<p><b>Opportunities:</b> Ukraine has a rich landscape of CSOs. Surveys suggest that citizens have greater trust in CSOs in comparison to other actors in the given context. CSOs take many forms and operate with different degrees of formality.</p> <p><b>Challenges:</b> Majority of CSOs expressed the need to strengthening their own capacity to fulfil their objectives. This requires many CSOs to improve their representativeness and accountability by strengthening their membership and constituencies base, by improving their internal governance structures, monitoring and evaluation practice, financial management practice, transparency, geographic outreach and cooperation.</p> <p>Moreover, CSOs should look into how to increase their effectiveness by increasing their capacity for analysis, monitoring/evaluation and advocacy.</p> <p>Financial sustainability requires membership development and improved capacity for diversified fundraising targeting public as well as private sources of income. Finally, in regions CSOs need basic skills and knowledge development in project proposal writing, monitoring and evaluation, organization development, strategic planning and thinking, etc.</p>	<p>Capable, transparent and accountable CSOs</p> <p>Effective CSOs</p> <p>Financially sustainable CSOs</p>	<p>(80 % of) CSOs regularly publish and updates their governance structure and internal documents (statutes, codes of conduct etc.)</p> <p>(70 % of) respondents can list at least 10 positive CSO achievements</p> <p>(80 % of) CSOs make their (audited) financial accounts and annual reports publicly available</p> <p>(80 % of) CSOs monitor and evaluate their projects and programmes using baselines and quality indicators</p> <p>(80 % of professional) CSOs (with at least 1 employee) develop strategic plans, including human resources development activities, in</p>	<p>Technical assistance to CSOs to support development of their organisational capacities that will enable reaching targets</p> <p>Establish and support impartial monitoring system for issues addressed under this priority</p>	<p>CSSP/ ENI/ CSO-LA/ EIDHR/ EED</p> <p>MS</p> <p>other international donors</p>

		<p>order to attract and retain talent</p> <p>(80 % of) advocacy CSOs use adequate argumentation and analysis for achieving advocacy goals</p> <p>(80 % of) CSOs are taking part in at least 1 national or international network</p> <p>(80 % of) CSOs are able to fundraise at least 70 % of their strategic plan</p> <p>Sources of Income of (80 % of) CSOs are derived from: one third public funding, one third economic activities and one third donations, including membership fees.</p>		
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## PART III - FOLLOW UP OF THE PROCESS AND STRATEGY

Outcome indicators				
PRIORITIES	TARGET	INDICATORS	BASELINE INFORMATION	SOURCES OF INFORMATION / MEANS OF VERIFICATION
<p><b>Priorities for general EU engagement with CS</b></p> <p><b>E.1.</b> Vibrant and innovative CSOs that contribute to social change in Ukraine</p>	<p>Increased share (60% of) of CSOs who apply innovative approaches when reaching out to constituencies, problem solving, citizens' mobilisation, participation, achieving social impact and when cooperating with private sector</p> <p>Increased share of (50% of) CSOs who join thematic/sectoral coalitions/ networks/ platforms</p> <p>Reasonable ratio of CSOs in</p>	<p><b>E.1.1.</b> Number of constituencies engaged</p> <p><b>E.1.2.</b> % increase in trend of citizens' willingness to engage in improvement/ development of their communities</p> <p><b>E.1.3.</b> % increase of understanding of 'what active citizens mean' among pupils and students</p> <p><b>E.1.4.</b> Number of developed ICT solutions for social and CSOs' issues</p> <p><b>E.1.5.</b> Share of cross sectoral actions among CSOs activities</p>	<p><b>Following are available baseline information:</b></p> <p>Despite fundamental institutional problems, Ukraine scores relatively highly on measures of civic engagement compared with its regional peers. Among post-Soviet states, it has long had one of the highest rankings on the NGO Sustainability Index compiled by the United States Agency for International Development (USAID). After the Euromaidan revolution, this ranking improved further.<sup>5</sup></p> <p>Despite being classed as a 'flawed democracy' in the Economist Intelligence Unit's Democracy Index, Ukraine scores as highly for political participation and civil liberties as EU members Poland and Slovenia, and higher than Romania.<sup>6</sup></p>	<p>Sustainability index (USAID)</p> <p>Democracy Index (Economist Intelligence Unit's)</p> <p>Project proposals submitted/ approved</p> <p>Chatham House's reports, analyses and researches</p>

<sup>5</sup> United States Agency for International Development (2016), *The 2015 CSO Sustainability Index for Central and Eastern Europe and Eurasia*, Washington: USAID, [https://www.usaid.gov/sites/default/files/documents/1861/Europe\\_Eurasia\\_CSOSIReport\\_2015\\_Update8-29-16.pdf](https://www.usaid.gov/sites/default/files/documents/1861/Europe_Eurasia_CSOSIReport_2015_Update8-29-16.pdf).

<sup>6</sup> Economist Intelligence Unit (2016), *Democracy Index 2016: Revenge of the "deplorables"*, London: Economist Intelligence Unit, <http://www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=Democracy-Index-2016.pdf&mode=wp&campaignid=DemocracyIndex2016>.

<p><b>E.2.</b> Support thematic/ sectoral (regional) networks 'actions</p>	<p>coalitions/ networks from urban vs rural areas, and from more developed vs. less developed regions</p> <p>Establish more balanced regional and cross-country coverage by the CSOs coalitions/ networks</p>	<p><b>E.2.1.</b> Number of EU-supported initiatives focusing on enhancing collaboration among CSOs around specific sectors of common interest (such as Justice, Health, Education, Employment, Climate Change, Culture, Human Rights, Environment, Local Governance and gender-based violence)</p> <p><b>E.2.2.</b> % or number of thematic networks, partnerships, coalitions involved in policy development/dialogue and law making processes</p> <p><b>E.2.3.</b> Structure of networks/ partnerships/ coalitions based on number and development level of CSO members and by region</p> <p><b>E.2.4.</b> Share of country covered by approach</p> <p><b>E.2.5.</b> Ratio of more and less developed regions of the country covered</p>		
<p><b>Priority sector A: To enhance efforts to promote a conducive environment for CSOs in Ukraine</b></p> <p><b>A.1.</b> Legal and policy environment enables the exercise of the rights of freedom, expression, assembly and association</p>	<p>Continuous comparative monitoring and analysing of legislation and policy framework is in place.</p> <p>Legislation provides for freedom of speech without state interference, freedom of assembly without discrimination and hindering conditions, and for accessible, timely and inexpensive registration of CSOs</p> <p>5,4 % of total workforce is employed in CSO sector (<i>EU average</i>)</p> <p>The contribution of volunteers to GDP is 1,3 % (<i>EU average</i>)</p> <p>- Labour legislative framework</p>	<p><b>Fundamental rights and freedoms</b></p> <p><b>A.1.1.</b> Number of cases of infringement of basic constitutional rights of individuals and legal entities to express freely, to assemble, to join and/or participate in non- formal and/or registered organization, and of these, the number of cases duly investigated and sanctioned</p> <p><b>A.1.2.</b> Level of compliance by the state with international standards and conventions in relation to fundamental rights (possibly disaggregated by priority topics) and freedoms of expression/ assembly/association</p>	<p><b>Following are available baseline information:</b></p> <p>Civil society continues to be one of the strongest actors in Ukraine’s democratic transition. From assistance to IDPs and independent advocacy campaigns to participation in new anti-corruption institutions, Ukraine’s powerful civil society plays a crucial role in driving reforms aimed at building a functional democracy and the rule of law, as well as identifying solutions that promote peace and regional stability.</p> <p>In September 2016, the Constitutional Court ruled that it was unconstitutional for the state to require CSOs, religious organization, and others to receive permission to hold peaceful assemblies. As a result, groups no longer need permission to organize peaceful assemblies of any kind.</p> <p>According to the Ukrainian Unified National Register of Companies and Organizations (UUNRCO), there were 75,924 public associations, 288 creative unions and other professional associations, 16,603 charity organizations, and 1,479 self-organized bodies registered in Ukraine as of November 1, 2016, slight increases from the previous</p>	<p>CSO Sustainability index (USAID)</p> <p>Monitoring system that should (could) be established</p>

	<p>(including active employment policy) is not discriminative towards CSOs<sup>7</sup> and promotes employment in general (including CSOs)</p> <p>Legislative framework is simulative towards promotion of volunteering</p> <p>80 % of CSOs perceive financial, including tax, rules as reasonable, clear, proportionate to CSO turn-over; in their opinion, an efficient support system is in place (clear instructions, knowledgeable financial public officers)</p> <p>Financial, including tax, rules are clear, understandable and proportionate to CSOs' turn-over</p> <p>Travel costs, accommodation, meals, and other costs related to implementation of CSOs activities are (income) tax free</p> <p>Legislation provides for stimulating tax incentives for corporate and individual giving:  - tax relief in the amount of 5 % of taxable income for corporations,  - tax relief in the amount of 10 % of taxable income for individual persons</p>	<p><b>A.1.3.</b> Rate of HR violations (including, but not being limited to, freedoms of expression, assembly and association) reported to the authorities and rapidity and effectiveness in reaction</p> <p><b>A.1.4.</b> Number and capacities of Human Rights Defenders (with sex-disaggregated data) and Human Rights Organizations</p>	<p>year.</p> <p>CSOs still face numerous challenges in the registration process: they can register only in Ministry of Justice offices in the capital and the twenty-five oblasts; they face delays in response to their applications despite statutory time limits; the registering bodies are understaffed; and registration personnel are not always fully trained. These challenges are aggravated by the fact that CSOs had to re-register with UUNRCO by January 1, 2017, although this deadline was later extended to July 1, 2017.</p> <p>CSOs were subject to some state harassment during the year. CSOs engaged in charitable activities and other assistance to the ATO were subject to state inspections. For instance, the Kherson Protection Foundation was inspected by the military attorney department, the Serious Fraud Office, and the Security Service. These inspections were not limited to the foundation's charitable support to the ATO, but covered all of the organization's technical assistance projects during the past five years. CSOs also had issues with banks in 2016; some state-supported banks illegally required CSOs to open accounts with them, rather than the banks of their choice. In addition, CSOs had difficulty wiring funds to foreign experts as they were required to obtain permission from various entities. CSOs did not report any other administrative impediments to their work in 2016.</p> <p>Laws No. 1664 and No. 1665 were adopted in October 2016 to improve opportunities for CSOs to raise funds through charity text messages by exempting such donations from value-added tax (VAT) of 20 percent and social security contributions (SSC) of 7.5 percent. These laws define a list of charity activities as well as conditions for which charity text messages are subject to VAT and SSC exemption. Law No.1797, adopted on December 21, 2016, removes limits on the amounts of charitable support participants in the military campaign in the Anti-Terrorist Operation Zone (ATO) and their family members can receive. Charitable support includes the provision of special personal protection equipment (such as helmets or body armor manufactured according to military standards); technical means of surveillance; personal care; food; items of property maintenance; and other goods and services.</p> <p>Pursuant to the Tax Code, public associations can choose to</p>	
		<p><b>Legal framework regulating CSOs</b></p> <p><b>A.1.5.</b> Quality of legislative framework for employment in CSOs</p> <p><b>A.1.6.</b> Number and type of incentives and state supported programmes for the development and promotion of volunteering.</p>		
		<p><b>Institutional framework regulating CSOs</b></p> <p><b>A.1.7.</b> Existence of an updated and unified national NGO database/registry, including project reports, publicly available</p> <p><b>A.1.8.</b> Ability to track number of employees in CSO (permanent and part- time) publicly available</p> <p><b>A.1.9.</b> Ability to track a number of volunteers in CSOs per sector and at the disposal publicly available</p> <p><b>A.1.10.</b> Ability to track a number of volunteer projects offered to citizens</p>		

<sup>7</sup> While labour law as such probably is not discriminative (= does not put CSOs as employers in a different position as other employers. e.g. with different conditions or demands), this may happen with other labour connected legislation and its implementation, especially active employment policy. Labour legislation would be discriminative, if, for example, subsidy for employment of people registered as unemployed would be available only for public institutions and/or business sector and not for CSOs.

<p><b>A.2. An enabling financial environment supports sustainability of CSOs.</b></p>	<p>Income from CSOs mission-related economic activity<sup>8</sup>, is tax free, and this provision is applied in practise as well</p> <p>State provides funding for the implementation of 80 % of public policies, identified in policy documents, for which CSOs are identified as key actors for implementation</p> <p>Legal framework for public funding includes: public funding on the basis of policy papers, inclusion of beneficiaries in programing of the tenders, clear criteria published in advance, deadlines for decision, merit decision with arguments, evaluation of achieved outputs and outcomes on the project and program level, possibility of prepayments, multi-annual contracts and reasonable financial/administrative procedures.</p> <p>Ensured quality and standardization of social services provided by CSOs</p> <p>Stimulating environment (legislation and practice) for social entrepreneurship (including labour law, fiscal law, social benefit law, etc.)</p>	<p><b>Legal framework regulating CSOs</b></p> <p><b>A.2.1.</b> CSOs' perception of the ease and effectiveness of financial rules and reporting requirements</p> <p><b>A.2.2.</b> Quality assessment of financial rules (including possible existence of the built-in mechanisms that financial rules and obligations change as the turn-over and non-commercial activities change).</p> <p><b>A.2.3.</b> Proportion/ratio of tax and financial duties to the overall budget available in a CSO</p> <p><b>A.2.4.</b> Quality and applicability/ 'implementability' of deductibles for individual and corporate giving stipulated by legislation and regulations (including disaggregation on types of deductible donations)</p> <p><b>A.2.5.</b> Quality of the system of tax benefits for CSOs' operational and economic activities</p> <p><b>A.2.6.</b> CSO's perception of the provision of public funds (including for social services) in terms of transparency, fairness, non- discrimination, and project duration</p> <p><b>A.2.7.</b> Variety and type of social categories eligible for support from public funding</p> <p><b>A.2.8.</b> Level of compliance of social services offered by CSOs with the state order(s)</p> <p><b>A.2.9.</b> Extent to which legal environment supports social entrepreneurs</p>	<p>use a simplified taxation system, paying a fixed tax of 4 percent in lieu of income tax or VAT. Individual and corporate donors to CSOs are entitled to tax deductions of up to 4 percent of their income. However, most donors generally do not claim these benefits due to confusing regulations and difficult reporting procedures.</p> <p>The revised Tax Code, which took effect in January 2016, introduces stronger provisions regarding the ban on profit-sharing, including between employees and related persons, stakeholders, interested parties, and as societies. These steps, as well as already existing measures that require a CSO to transfer its assets to another CSO or the state when it is dissolved, are aimed at avoiding conflicts of interest and improving CSOs' governance practices.</p> <p>CSOs are allowed to participate in public procurement related to social service provision.</p> <p>Public authorities recognize the capacity of CSOs to deliver services to the public. However, in 2016, the state once again reduced the amount of funding allocated to social services, affecting vulnerable groups such as senior citizens and people with disabilities. Local budgets do not include funds to engage CSOs in service provision.</p>	
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<sup>8</sup> Mission-related economic activity is economic activity, implemented by CSO, which is directly connected to CSO's mission and the income from it is solely used for the realization of such mission.

		<p><b>Institutional framework regulating CSOs</b></p> <p><b>A.2.11.</b> Quality of state funding frameworks for CSOs (including social services)</p> <p><b>A.2.12.</b> Ways and means available for monitoring of provision of social services by CSOs</p>		
<p><b>Priority sector B:</b></p> <p><b>Promote a meaningful and structured participation of CSOs in domestic policies of partner countries, in the EU programming cycle and in international processes</b></p> <p><b>B.1.</b> Civil society and public institutions work in partnership through dialogue and cooperation, based on willingness, trust and mutual acknowledgment around common interests</p>	<p>Increased share of public funding available for CSOs to contribute to the country's development</p> <p>Continuous cooperation of the central and local government structures and CSOs in formulation of policy documents, local and national planning</p>	<p><b>Legal framework regulating CSOs-Gov. cooperation</b></p> <p><b>B.1.2.</b> Number and type of CSOs invited to contribute to the analysis and design of the civil society legal framework</p> <p><b>B.1.2.</b> Level of responsiveness of government to the needs of CSOs when drafting/ updating civil society legislation</p>	<p><b>Following are available baseline information:</b></p> <p>In February 2016, the president of Ukraine signed the National Strategy for Developing Civil Society in Ukraine for 2016-2020. It envisages annual action plans at the national and regional levels. In November, the Cabinet of Ministers approved the 2016 Action Plan for implementation of the strategy. As part of the implementation of the strategy, the Coordination Council for Civil Society Development was established in November as a CSO advisory body, enabling CSOs to contribute to national decision-making processes and promoting better coordination between civil society and state.</p> <p>Cooperation between government and CSOs markedly improved in 2016. The prime minister held meetings with leading CSOs about the government's agenda and the draft budget and instructed other Cabinet members to set up similar meetings. The government also continued to work with CSOs to improve mechanisms for their participation in policy making. A forum under the Ministry of Justice that included CSOs developed a draft Law on Public Consultations to regulate citizen participation in national and local decision making; the draft will be presented to parliament for consideration in 2017.</p> <p>The Reanimation Package of Reforms (RPR) is a collection of civic activists, experts, and journalists that has been deeply engaged in the reform process in Ukraine since the Euromaidan Revolution in 2014. After two years of work, RPR still needs to focus on the implementation of legislation by working with the executive branch at all levels, but particularly at the regional and local levels. Cooperation between the RPR and the parliament and presidential administration declined somewhat in 2016, and the National Reform Council suspended its activities. At the same time, the RPR improved its cooperation with the Cabinet of Ministers thanks to the prime minister's intention to prepare and solicit public feedback on key documents, particularly the reform agenda and budget.</p>	<p>CSO Sustainability index (USAID)</p> <p>Monitoring system that should (could) be established</p>
		<p><b>Institutional framework regulating CSOs-gov. cooperation</b></p> <p><b>B.1.3.</b> Existence and enforcement of an institutional framework regulating CS–state relations (at national, sectoral, regional and/or local level), i.e. defined protocols/ procedures for public consultation, reporting on public consultation, etc.</p> <p><b>B.1.4.</b> Existence of a mandated interlocutor for civil society at the level of the different line ministries and/or at regional and local level</p> <p><b>B.1.5.</b> Existence and quality of government structures and mechanisms to strengthen CSOs to contribute to development of conducive environment for CSOs (at local/ national/ sectoral level)</p>		

		<p><b>Participation of CSOs in public policy and law formulation</b></p> <p><b>B.1.6.</b> Level and quality of available information and transparency regarding policy/law making processes</p> <p><b>B.1.7.</b> Existence and quality of invited spaces of dialogue and consultation for local/ national/ sectoral development plan/ strategy policy discussions/ laws/ sub-laws/ budgets (including quality of information provided, time to respond, etc.)</p> <p><b>B.1.8.</b> Number of policies/ local development plans/ budgets elaborated using participatory approaches (e.g. through local councils, public hearings, etc.)</p> <p><b>B.1.9.</b> Number and diversity of CSOs invited/ participating in/ contributing to national/ sectoral development plan/ strategy policy discussions or consultations on draft laws/policies</p> <p><b>B.1.10.</b> Evidence (nature and scope) of (supported) CSO's official participation to key national, regional and/ or international policy-making mechanisms</p> <p><b>B.1.11.</b> Evidence of acknowledgement by key stakeholders of (supported) CSO's representativeness in national, regional and/or international policy making spheres &amp; processes</p> <p><b>B.1.12.</b> Evidence (nature and scope) of (supported) CSO's recommendations retained in key policy and/or normative</p>		
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		<p>documents</p> <p><b>B.1.13.</b> Evidence of relevant measures (if applicable), emerging from national, regional and/or international policy making spheres &amp; processes in which supported CSOs participated</p> <p><b>B.1.14.</b> Evidence of more systematic engagements between supported CSO's and Governments</p> <p><b>B.1.15.</b> Extent to which Governments report improved relations with supported CSOs</p> <p><b>B.1.16.</b> Evidence (number of exchanges, number and scope of measures agreed) of enhanced policy dialogue and coordination between Ministries, CSOs &amp; key actors (incl. donors)</p> <p><b>B.1.17.</b> Existence and quality of government initiatives to strengthen public consultation and dialogue capacities of public authorities (at local/national/sectoral level)</p> <p><b>Transparency and accountability roles performed by CSOs</b></p> <p><b>B.1.18.</b> Number of public initiatives promoting social accountability and civil society participation in public policy oversight</p> <p><b>Service delivery roles performed by CSOs</b></p> <p><b>B.1.19.</b> Extent to which CSOs are involved in service delivery</p> <p><b>B.1.20.</b> Existence/quality of partnerships between public authorities and non-state actors' partners (CSO, private sector, etc.) aiming at better service</p>		
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<p><b>B.2.</b> Civil society actively takes part in EU programming consultations and other international processes</p>		<p>delivery</p> <p><b>B.2.1.</b> Quality (nature and scope) of CSO's involvement in dialogue processes related to the EU-national strategic partnership, Free Trade Agreements, programming of EU assistance, etc.</p> <p><b>B.2.2.</b> Evidence of more systematic engagements/ structured dialogue spaces between supported CSO's and EU/other donors</p> <p><b>B.2.3.</b> Extent to which EU/ other donors report improved relations with CSOs</p> <p><b>B.2.4.</b> Evidence of how CSOs taking part in international processes undertake follow-up activities in the country in order to disseminate information and/or engage other peers/CSOs in the same processes</p>		
<p><b>Priority sector C:</b> <b>Increase CSOs capacity to perform their roles as independent actors</b></p> <p><b>C.1.</b> Capable, transparent and accountable CSOs</p>	<p>Increased share of CSOs funding coming from governmental funding through transparent and fair procedures applied for public funds distribution</p> <p>Crowd-funding and other mechanisms of public funding increase CSOs sustainability and independence</p>	<p><b>Internal governance capacities</b></p> <p><b>C.1.1.</b> Existence and level of adherence to certification mechanisms/codes of conduct/operational standards/etc. to promote better governance, transparency and accountability within the sector</p> <p><b>C.1.2.</b> Percentage of CSOs publishing their governance structure and internal documents (statutes, codes of conduct etc.), (audited) financial accounts and annual reports</p> <p><b>Legitimacy, representativeness and credibility</b></p> <p><b>C.1.3.</b> External perception of importance and impact of CSOs activities</p> <p><b>C.1.4.</b> Evidence (nature and scope)</p>	<p><b>Following are available baseline information:</b></p> <p>Organizational capacity did not change significantly in 2016. As a result of increased donor attention on organizational development over the past few years, the vast majority of active CSOs have increased their focus on institutional development, including by training staff, engaging new supporters, and developing internal policies and procedures. In addition, leading CSOs have allocated funding for capacity building. However, these efforts have not yet led to concrete improvements in organizational capacity and there continues to be a large gap in institutional capacity between Kyiv-based and regional CSOs, as well as between CSOs operating at the oblast level and community-based organizations. These gaps are exacerbated as less developed organizations have fewer opportunities to receive institutional support or large grants from donor organizations.</p> <p>International donors—including USAID, the Swedish International Development Cooperation Agency (Sida), the Charles Stewart Mott Foundation, and the International Renaissance Foundation (IRF)—continued to support the institutional development of CSOs at levels similar to those in 2015. USAID and Sida continue to support the Marketplace, an online tool that helps CSOs find service providers in</p>	<p>CSO Sustainability index (USAID)</p> <p>Monitoring system that should (could) be established</p>

		<p>of members having participated in CSO's agenda building and promotion</p> <p><b>C.1.5.</b> CSOs' members' satisfaction degree on services provided to them</p> <p><b>C.1.6.</b> Extent to which information and communication platforms &amp; tools are functioning, updated and used</p> <p><b>C.1.7.</b> Extent to which CSO's institutional management style is participatory</p> <p><b>C.1.8.</b> Evidence (nature and scope) of new tools and platforms aimed at increasing collaboration and exchange between CSOs and their members</p>	<p>the area of capacity building. In addition, USAID and Sida provide core financial support to CSOs in order to promote their institutional development as well as more effective project implementation in line with donor requirements. IRF and Sida provide core support to national and regional think tanks. EU-financed CSO programs, including the European Initiative for Democracy and Human Rights (EIDHR) and Neighborhood Civil Society Facility (NCSF), also target regional CSOs with programs that include some institutional capacity building.</p> <p>Most CSOs continued to engage in mission-driven strategic planning in 2016. Through the Marketplace, around 165 small grants—amounting to \$145,000—were provided to CSOs for strategic planning activities. However, CSOs often lack the skills to implement the strategies they develop. In particular, CSOs need better skills in planning, fundraising, attracting community support, and defining expected results, among other are- as.</p> <p>The public's increased interest in the work of CSOs has driven CSOs to become more transparent. In particular, CSOs have improved their division of duties and responsibilities among staff, members, and supervisory boards. In addition, some CSOs have started rotating the members of their governing bodies, and inviting external experts to become members of supervisory boards.</p>	
<p><b>C.2.Effective CSOs</b></p>		<p><b>Internal management capacities</b></p> <p><b>C.2.1.</b> Share of CSOs which have developed strategic plans including human resources development activities in order to attract and retain talent</p> <p><b>C.2.2.</b> Number of local CSOs having a clear capacity development strategy, including a clear work plan with activities for their staff</p> <p><b>C.2.3.</b> Share of CSOs that monitor and evaluate the implementation of their strategies and make this information publicly available/accessible</p> <p><b>C.2.4.</b> Average percentage of CSOs budget allocated for human resources development and organizational development</p> <p><b>C.2.5.</b> Perception from CSO's members on CSO's effective knowledge management capacity and products</p> <p><b>C.2.6.</b> Number of CSOs' who use</p>	<p>The CSO sector has a shortage of competent staff, especially directors, public relations managers, and fund- raisers. Employment in the CSO sector has decreased, and fewer and fewer organizations can afford permanent paid staff. Instead, an increasing number of organizations rely either on part-time staff or volunteers. A 2016 Center for International Private Enterprise (CIPE) survey of seventy business associations found that 42 percent had between one and three salaried employees and 37 percent did not have any paid staff. A 2016 Ukrainian Forum of Charities (UFB) study found that seventy-four charity organizations had a combined total of 900 employees and 24,000 volunteers. Most CSOs have professional accountants or bookkeepers. According to the 2016 World Giving Index, 19 percent of respondents in Ukraine volunteered in 2015, compared to 13 percent in 2014.</p> <p>CSOs upgrade their office equipment very slowly due to their limited funding. CSOs are replacing their web- sites with accounts on social networks. Due to donation programs offered by Microsoft and other IT companies, CSOs enjoy improved access to software and applications.</p> <p>Financial viability did not change in 2016. While support from international donors, including USAID, the United Kingdom's Department for International Development (DFID), UNDP, EU, and Germany's GIZ, increased, the new support primarily targeted projects</p>	

		adequate argumentation and analysis for achieving <b>C.2.7.</b> Share of CSOs taking part in local, national, regional and international networks	focused on mitigating the conflict in eastern Ukraine, regional development, and decentralization reform. Existing CSOs began to focus on these areas, while CSOs working in other areas, including social service provision, struggled to find available funding.	
<b>C.3.</b> Financially sustainable CSOs		<b>C.3.1.</b> Percentage of CSOs that confirm that they are able to raise funds according to their strategic plans <b>C.3.2.</b> Diversity in CSO sources of income	<p>The State Committee of Statistics partially evaluated the 2015 statistical reports of 22,185 public associations and found that they declared \$242.9 million in income, including \$8.7 million from the state budget, \$6.7 million from local budgets, \$23.5 million in membership dues, \$142.76 million in charitable donations (which includes international funding), \$21.15 million from economic activities, and \$40.62 million from other sources.</p> <p>In 2016, more than eighty banks went bankrupt, losing the funds of many CSOs including local charity foundations that supported programs for youth, children, orphans, and others. For example, Gavrylyshyn and the Community Well-being Foundation lost \$1.7 million and \$670,000 respectively. There is little chance that these funds will be recovered.</p> <p>Only a few donors cover the administrative or indirect costs of CSOs, which impedes financial sustainability. The European Commission (EC) allows 7 percent of program costs to be allocated to administrative expenditures, but only a small number of CSOs receive funding from the EC.</p> <p>More CSOs are seeking to diversify their funding sources, and anecdotal evidence indicates that the share of funding from local donors—including businesses, individuals, and foundations—is slowly growing. For instance, according to ISAR-Ednannia, a local CSO that supports the development of community foundations in Ukraine, the share of local funding in the budgets of twenty-two community foundations increased from 70 percent in 2015 to 80 percent in 2016. In 2016, CSOs introduced new methods of generating support from the local donor community. For example, some organizations organized fundraising dinners with donors in the town of Stryi. In 2016, CSOs raised \$173,076 for core support and \$846,154 for charitable projects in the areas of education, environment, literature, travel, new technologies, and capacity building through the Spilnokosht and Charity Exchange Stock crowdfunding platforms.</p> <p>Local businesses continue to support CSOs in communities where their businesses are located. For example, Uber collected warm clothes from 6,551 individuals in Kyiv during a two-week charity action called UberGiving and donated them to Caritas Ukraine to disseminate to the neediest. Similar actions took place in sixty-five cities in thirty-one countries in Europe, Asia, and the Middle East, with residents in Kyiv being the most generous. However, such examples are still rare, and corporate support continued to decline in 2016 due to the economic crisis.</p>	

			<p>Although accurate data is unavailable, financial and in-kind support from central authorities and local self- government bodies appeared to decrease in 2016. However, several ministries continued to run CSO grant competitions in 2016. The Ministry of Social Protection routinely provides financial support to CSOs, while the Ministry of Defense awarded grants to CSOs for the first time in 2016, mainly for projects to assist ATO veterans and their families. The Ministry of Youth and Sports organized a funding competition for long-term projects proposed by children- and youth-oriented CSOs. The Ministry is also focusing more on monitoring and evaluation of funded projects. Some local authorities also conducted competitions for project funding in 2016.</p> <p>While CSOs often collect membership dues and increasingly engage in social entrepreneurship, these sources generally do not provide significant income. According to CIPE, in 2016, the share of income for business associations from membership dues reached 18 percent, while 35 percent of income came from service delivery, and 43 percent came from local and international donors.</p> <p>An increasing number of CSOs improved their financial management systems in 2016. According to the tax office, almost 40 percent of registered CSOs submit financial reports to the tax office. CSOs increasingly undergo audits of their activities and publish annual reports with financial statements.</p> <p>RPR still needs to improve the analytic basis for the laws produced by its experts.</p> <p>In 2016, CSOs concentrated on the implementation of reforms they proposed. For example, according to the 2015 Law on Civil Service, which came into effect in May 2016, a twelve-member selection committee with four civil society representatives now appoints all senior public officials. Between August and December 2016, the committee appointed 109 senior public officials.</p> <p>CSOs continued to lobby for anti-corruption measures in 2016. For example, CSOs initiated a policy on whistleblowing and the approval of the Law on Custodial Care for Orphans, an area plagued by corruption. The Chesno Coalition organized the Filter Court Campaign aimed at removing corrupt judges. CSOs also successfully lobbied for the adoption of new provisions to the Law on Corruption Prevention. The law, which was adopted in August 2016 and came into force shortly thereafter, newly requires public officials and members of the parliament to submit e-declarations of their assets.</p> <p>In 2016, a network of CSOs lobbied the state to improve the effectiveness of public administration services, such as passport issuance, at the national and local levels. As a result, standards for administrative services were introduced and more unified administrative service centers were established. Local authorities</p>	
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			<p>learned how to improve the quality of and better utilize limited funds for administrative services.</p> <p>The 2015 Law on Introduction of Changes to the Law of Ukraine on Public Appeals allows individuals and groups to submit e-petitions through official websites to the president, the parliament, the Cabinet of Ministers, and local self-governments. The Law was implemented at the regional level in 2016, including in oblast centers such as Ternopil and Lviv and towns such as Kramatorsk, Mariupil, Bakhmut, and Dopropllyya. Individuals and groups also continued to use the e-petition system at the national level.</p> <p>At the local level, CSO advocacy efforts are weak and not well-organized. Advocacy efforts on decentralization remain ad hoc and are hampered by a lack of knowledge and skills needed for wider promotion.</p> <p>CSOs worked on a number of initiatives in 2016 to further improve the enabling environment for civil society. Cooperation between charity organizations and the parliamentary committee for humanitarian policy resulted in the adoption of a law that provides tax exemptions for charitable contributions made via SMS. CSOs and the committee also advocated for the return of funds lost by charity organizations to the banks that went bankrupt, although this process just started at the end of the year and results are thus yet to be seen. Also in 2016, experts developed recommendations to establish a national foundation for civil society development and discussed them with CSOs at eight regional meetings. Based on CSOs' comments and recommendations, the final document on establishing a national foundation was prepared and submitted to the government and presidential administration.</p> <p>Service provision did not change significantly in 2016. CSOs continue to provide training, consulting, and information services to youth and senior citizens, among other beneficiaries. CSOs also provide services such as civic education and legal aid to a broad range of constituents. In response to the conflict in eastern Ukraine and the occupation of Crimea, many new CSOs emerged to serve the needs and interests of groups such as veterans of the ATO and their families, IDPs, and people living in government-controlled areas in the Don-bass region. Such CSOs provide information, advocacy, psychological support, humanitarian services, anti-violence promotion, and other support to vulnerable groups. However, many services initiated in 2014 by CSOs and civic initiatives to support the Ukrainian Army and IDPs in eastern Ukraine were suspended in 2016 due to decreased international funding for service provision.</p> <p>According to ISAR-Ednannia, nearly 100 CSOs received small grants from the Marketplace in 2016 to improve their interaction with customers, advance their skills in identifying the needs of their target groups, develop new services, and improve the quality of existing</p>	
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			<p>making processes. Public authorities at the local level perceive CSOs as an instrument to attract financial resources and expertise, and to demonstrate support for their policies.</p> <p>Businesses improved their attitudes towards CSOs in 2016. Since the EU-Ukraine Association Agreement, which includes provisions for a Deep and Comprehensive Free Trade Area, was signed in 2014, an increasing number of CSOs have become involved in advocating for better conditions for business development in Ukraine. As a result, CSOs, including analytical centers and think tanks, increasingly play an intermediary role between government and business in promoting certain legislation through the establishment of intersectoral expert groups. As a result of the increasing role and influence of CSOs, companies are more willing to cooperate and create partnerships with CSOs.</p> <p>Most CSOs use social networks such as Facebook to keep their supporters informed about their activities; engage new supporters, partners, and constituents; and assess the needs and opinions of their target groups. CSOs have also improved their communication with journalists, in part by providing media with expert opinions and important information.</p> <p>CSOs continue to try to exercise more transparency. When reviewing their strategies, CSOs include transparency and preparation of annual reports among their priorities and objectives. Some donors, such as the IRF, now require CSOs to publish reports about their work. In addition, CSOs increasingly use modern visualization methods such as infographics when preparing their activity and financial reports in order to make the information more accessible.</p>	
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