

## UKRAINE



**Capital:** Kyiv

**Polity:**  
Republic

**Population:**  
45,700,395 (July 2009 est.)

**GDP per capita (PPP):**  
\$7,800 (2008 est.)

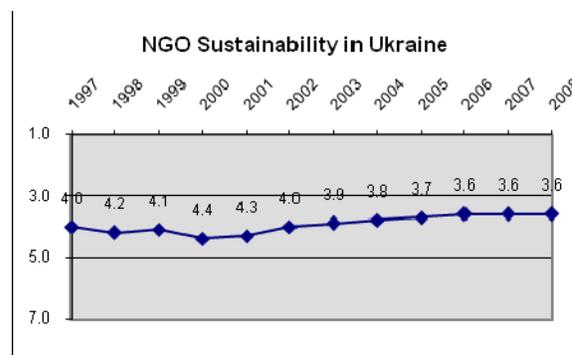
### NGO SUSTAINABILITY: 3.6

In 2008, the Ukrainian NGO sector strengthened its financial viability and somewhat improved its public image. NGOs actively advocated for several important legislative changes, but fell short of achieving them as the political crisis dramatically slowed down the legislative process.

Leading NGOs and civil society experts made significant progress in promoting a favorable legal environment for civil society development. They successfully advocated for approval of the first-ever concept for governmental support to civil society, as well as the action plan for its implementation.

Financial viability of NGOs improved due to increased funding available from the private sector and government. Corporate and private foundations expanded their programs for NGOs, and local and central governments allocated more funds to support NGO projects. More NGOs attempted to recover their costs by charging for their services, but the legal environment concerning revenue generation by not-for-profit organizations has not improved.

The capacity of regional NGOs grew noticeably, especially in grantmaking and initiating and implementing countrywide initiatives. A



relatively small yet growing number of leading NGOs practice strategic planning and democratic governance, but these trends do not extend to the sector as a whole. Demand for professional, high-quality services provided by NGOs is growing on the part of citizens, businesses and government. While some NGOs are prepared to face this challenge, the majority still need to become more professional and market themselves more effectively.

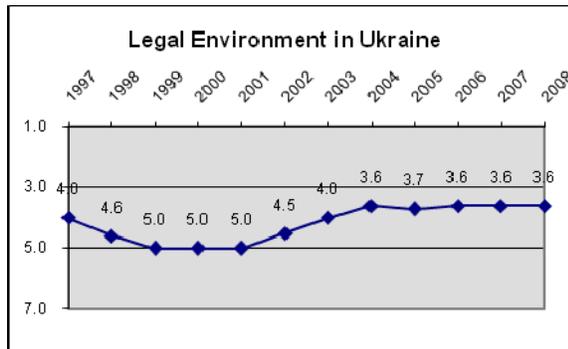
While no NGO coalition, committee or network exists to represent the civil society sector at the national level, strong and experienced issue-based NGO coalitions and networks at the national and regional levels have advocated successfully for their target groups' interests on a number of important social issues.

The perception of NGOs by the public, government and business has improved. Although citizens' interest in the work of NGOs remained rather low, NGOs increasingly used

press conferences and awareness campaigns in order to convey their message to the public.

According to government statistics, the number of registered associations is 43,859, and the number of registered charities is 9,637.

## LEGAL ENVIRONMENT: 3.6



Civil society actors, in close cooperation with the government, drafted and actively promoted new laws and amendments in areas such as NGO registration, revenue generation, taxation, and charitable giving. These efforts have not yet resulted in legislative changes, however, due to ongoing infighting among political elites.

In May 2008, the Cabinet of Ministers of Ukraine, following a Council of Europe recommendation, adopted an action plan to implement a concept for the government's support of civil society development. The concept includes consideration of the draft Law on Public Associations. Civil society provided significant input in drafting and promoting the concept and action plan. The Ministry of Justice posted the draft Law on Public Associations on its website for public comments and the Cabinet of Ministers submitted the draft to parliament in November 2008.

NGO registration remains difficult and takes longer than business registration. NGOs are required to register both with the Ministry of Justice and the State Registrar. NGO registration tends to be more difficult in the regions than in the capital. The number of official refusals of NGO registration applications generally decreased. Cases when government officials

pressured applicants to withdraw their applications, however, became more common. Leading NGOs and civil society experts proposed a "one stop shop" registration process that would exclude the Ministry of Justice from registering most types of NGOs.

Department of Statistics reporting requirements for NGOs expanded in 2008. The overall number of NGO inspections by the government increased from 5,500 in 2006 to 6,500 in 2007. The Ministry of Justice conducted 670 checks of local government councils in 2007 concerning NGO registration. Negative results of such inspections, however, became less common.

For the first time ever, a court decision stopped an NGO's activity on the grounds that it had violated its "territorial status" by operating outside the region in which it was registered. The new draft of the Law on Public Associations does not include a notion of territorial status, and only requires that national-level organizations confirm their status.

Legal advice and information is becoming more available to NGOs. A leading NGO specializing in civil society law created a countrywide database of 270 legal firms and lawyers that provide services on NGO activity, taxation, and charitable activities. The demand for such expertise on the local level still exceeds supply, however.

A working group of civil society experts intensified efforts to introduce changes to several key laws concerning charitable giving and activities of charitable organizations. The group conducted a thorough analysis of the Ukrainian and international legislation and proposed specific legislative changes that would facilitate both giving and accepting charitable

donations. Development of a draft law on charities is in progress.

Participation of NGOs in the public procurement process is difficult, largely because of the generally flawed and complex public procurement system in Ukraine. Few NGOs participate in public tenders. The National Bank requires bank guarantees that are almost impossible for NGOs to comply with. Moreover, the Law on Public Procurement was repealed in March and a new law has not been passed. Legislation concerning NGO revenue generation remains unclear, and NGOs have to be creative to earn income while maintaining their nonprofit status.

### **ORGANIZATIONAL CAPACITY: 3.7**

Membership in NGOs remains low. According to a survey by the Institute of Sociology at the National Academy of Sciences, 83 percent of citizens are not members of any NGO or political party. Citizens are more inclined to participate in one-time actions than to be involved regularly in NGO work.

A small but gradually expanding cohort of experienced NGOs have clear missions, work systematically on specific issues relevant to citizens, practice strategic planning, and have well-functioning governing bodies. NGO Vsesvit in the Crimea managed to attract 530 citizens to a public hearing concerning alleged corruption and other violations by a local construction project. Local community organizations mobilized citizens to join forces with local governments and businesses to deal with issues such as infrastructure improvement, the environment, support to the needy, and youth engagement.

In a recent Counterpart Creative Center survey, 60 percent of more than 400 NGOs surveyed claimed that they have a written strategic plan. In most cases, however, NGOs develop strategic plans only if donors require them. Many NGOs, especially less established ones, tend to adjust their missions in accordance with donor funding

Despite productive relationships between NGOs and some line ministries, legal drafts that pass the Cabinet of Ministers and are submitted to the parliament (Verkhovna Rada) often fail to reflect NGO recommendations. For example, a final draft of a Law on Peaceful Assembly did not reflect NGO recommendations, even after months of advocacy efforts and joint work with the Ministry of Justice. Civil society activists also developed a draft Law on Citizens' Self-Organized Bodies that underwent so many changes in parliament that it no longer reflects the target group's interests.



priorities, and establish governing bodies only when required by law or to prevent conflict within an organization. Discussions about openness and transparency in NGO operations are becoming widespread, but few NGOs publish their annual reports.

The drain of staff from NGOs to the private sector or government continues. This can also be seen as a sign of growing professionalism among NGO staff, including those working at the local level. College graduates tend to seek jobs in business rather than embarking on careers in the NGO sector. NGOs are able to attract young professionals for internships, but find it challenging to engage them full-time. There is no system for developing a new cadre of NGO workers, particularly at the leadership level.

The number of strong NGOs in the regions of Ukraine is increasing. This tendency contrasts with a slowdown in the growth of NGO capacity in Kyiv. The level of activism and professionalism among NGOs across regions is uneven, however. Several donor organizations have difficulty soliciting high-quality project proposals from some oblasts in central and southern Ukraine despite a substantial number of registered NGOs in those regions. An often-heard comment is that the number of NGOs taking part in grant competitions is decreasing, while donors are less satisfied with the quality of proposals.

### **FINANCIAL VIABILITY: 4.1**

---

The financial viability of the NGO sector has improved. Although the majority of NGOs remain largely dependent on international donor funding, during 2008 they increasingly diversified their funding sources. NGOs actively solicited support from local businesses, applied for grant programs offered by all levels of government, expanded volunteer involvement, and sought funding from corporate and private foundations. Membership fees constituted the smallest portion of NGOs' overall funding. Some experts estimate that NGOs raise no more than 10 percent of their overall income from service fees.

The private sector offered more funding to charitable causes directly or through corporate and private foundations, which are increasing in number and funding levels. Major national and international business associations actively promoted corporate social responsibility (CSR). At least five national-level NGOs actively promoted the CSR concept within NGO and business communities, as well as the media. A charitable foundation that assists children with cancer managed to raise almost \$450,000 in 2007 through direct contributions from hundreds of corporate and individual donors.

Most corporate and private foundations choose to finance their own programs or provide funding directly to recipients rather than to registered NGOs. The two largest private

NGOs increasingly face problems securing office space, which is becoming more expensive. Local governments often apply pressure on NGO tenants to force them to leave in favor of commercial tenants.

In general, the technical capacity of NGOs is improving, although disparities between NGOs located in larger cities and those in rural areas remain significant, especially in terms of Internet access. More mature NGOs usually invest in their organizations' equipment. Surveys indicate that the number of NGOs that have their own websites is growing each year.

foundations in Ukraine spend millions of dollars annually on projects in health care, education, support to vulnerable groups, and culture, but neither offers grants to NGOs.

Charitable Fund Krona, the first corporate foundation in Ukraine to start a grant program for NGOs, provided \$130,000 in 2008 to support up to fifteen NGOs through its second annual nationwide small grants competition focused on children and youth issues. The Center for Social Programs established by the RUSAL Company, which owns an aluminum production plant in the city of Zaporizhzhia in southern Ukraine, announced the second citywide small grants competition for local NGOs. The city government co-organized the competition and the Ukrainian Philanthropists Forum, a leading professional association that promotes effective philanthropy in Ukraine, helped to promote it.

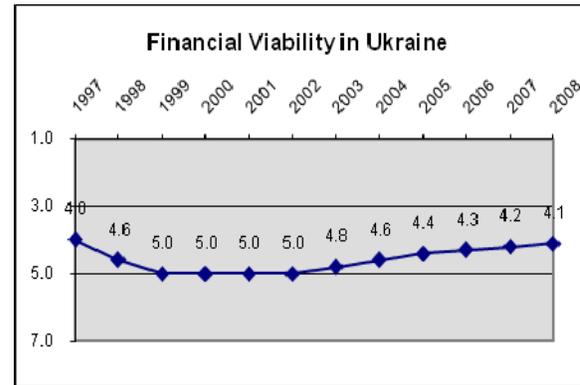
Socially responsible businesses often approach established NGOs with offers to conduct research, administer corporate philanthropy programs, and assess such programs' impacts. Businesses displayed more appreciation of nonprofit sector professionalism, sometimes agreeing to cover not only project expenses but also administrative expenses of NGOs.

With initial support from international donors, a growing number of experienced NGOs, both Kyiv-based and regional, successfully started grantmaking programs that became an

increasingly important part of the domestic private sector funding base.

Government funding for NGOs at all levels increased, although questions remained concerning transparency and objectivity of the process. The designated amount for NGO funding in the national budget was more than \$60 million. Lviv City Council in western Ukraine provided over \$235,000 in grants to forty-six NGO projects in 2008. Donetsk Regional Council in eastern Ukraine allocated about \$400,000 in its 2008 budget to support NGO activities.

NGOs improved their financial management, accounting and reporting systems.



## ADVOCACY: 2.9



After the substantial growth of advocacy work in previous years, civil society failed to repeat its success in 2008. NGO advocacy efforts produced mixed results that brought no change to the status quo.

Cooperation between civil society and government was quite evident on the surface, and many civil society leaders both at the national and local levels moved from NGOs into government jobs. Government and NGOs lack formalized procedures for cooperation, however.

NGOs and civic activists took part in discussions and development of the new draft constitution. This process was so politicized and controlled by opposing political forces, however, that any attempts at a meaningful civil society contribution were futile.

NGOs contribute to policy development through citizen councils to ministries, regional administrations and other executive bodies. Many of these councils were criticized for being passive and government-controlled, but some were quite successful. The council to the Ministry of Internal Affairs, formed of representatives of human rights NGOs, developed a system for preventing human rights abuse in the Ukrainian penitentiary system. NGOs successfully lobbied for creation of a special human rights department within the ministry, and many of the new department's employees are human rights activists. The citizen council at the Ministry of Environment initiated parliamentary hearings on national nuclear energy policy that raised important safety issues. Leading NGOs also reported positive cooperation with the State Security Service on anti-corruption work.

With USAID/Millennium Challenge Corporation support, NGOs created several public advocacy networks that monitored the government's anti-corruption efforts. The Ministry of Education authorized one such network to monitor the entrance exam process in thirty universities across the country. The coalition disseminated information, ran a hotline, and reported incidents of corruption. Another coalition drafted a progressive Law on Access to Public Information and led a national advocacy campaign for its adoption.

An anti-tobacco NGO coalition successfully advocated for an increase in the excise tax on tobacco products and alcohol. Thanks to advocacy efforts of an umbrella NGO working on behalf of persons living with HIV/AIDS, a pharmaceutical company lowered its prices and the Ministry of Health saved about \$830,000 on medication. At the same time, advocacy and NGO coalition work on media issues declined as many media outlets and journalists faced growing pressures from business and political interest groups.

Examples of advocacy successes by NGO coalitions in the regions included creation of a one-stop permit center for land designation and construction, improved municipal education and youth policies, more accessible and effective health care programs for children, and improved financial accountability of local governments. While many local governments cooperate with NGOs, some have taken an openly antagonistic stance towards local civil society and deliberately ignored citizen initiatives or even stopped implementation of previously agreed programs.

### SERVICE PROVISION: 3.3

NGOs continued to be increasingly competent providers of many important services that the government either provided at a limited level or not at all. Although the range of services and products that NGOs offer to various target groups remained broad, the quality and marketing of services did not improve significantly. The potential of NGOs in service provision is growing and so is demand, but NGOs need to become more professional and proactive.

Stimulated by international and local donors, a growing number of NGOs, especially in the regions, are gaining experience in grantmaking. Grantmaking, along with training and consulting, has achieved a higher profile as an NGO-provided service.

According to one survey, the top ten areas of NGO activities are children and youth, human rights, civic education, social issues, NGO development, politics and economy, culture and arts, business development, women's issues, and the environment. The ten most frequently cited types of NGO services and products include training and consulting, advocacy, information dissemination, education, research and analysis, social services, legal assistance, charity, policy advice, and rehabilitation.

Both the private sector and government voiced their interest in high-quality research provided by think tanks, which continued serving as independent sources of analysis in a variety of policy areas.

Many NGOs both at the national and local levels reached out to vulnerable groups that received little support from the government or private sector. These groups included people with disabilities, especially children, homeless persons, victims of family violence and human trafficking, street children, people suffering from substance abuse, people living with HIV/AIDS, the elderly, and prison inmates.



Government representatives claim that they are open to cooperation with NGOs that are capable of providing high-quality services. A rehabilitation center in western Ukraine founded as an NGO seventeen years ago to provide counseling, rehabilitation, and education services to children with disabilities was reorganized into a municipal establishment. It now receives guaranteed funding from the city budget on an annual basis, and about \$300,000

was budgeted to support the center’s work in 2008. Another example is a coalition of HIV/AIDS service NGOs that was invited to join a working group at the Ministry of Family, Youth and Sports to develop standards and training modules for social workers. NGOs in general lacked the skills to promote their services actively. Few NGOs attempted to recover costs by charging fees for their services even though current legislation, albeit very confusing, allows NGOs to do so.

Social entrepreneurship is expanding. A foundation created with international donor funding leveraged corporate donations and supported twenty-eight social entrepreneurship projects. These projects helped to create modest but stable revenue sources to support rehabilitation of disabled children and former drug users, create jobs for homeless persons and underprivileged women, and provide other services.

### INFRASTRUCTURE: 3.5

NGO infrastructure is slowly improving, but not to a great extent. Important skills, training facilities and information resources are still lacking.

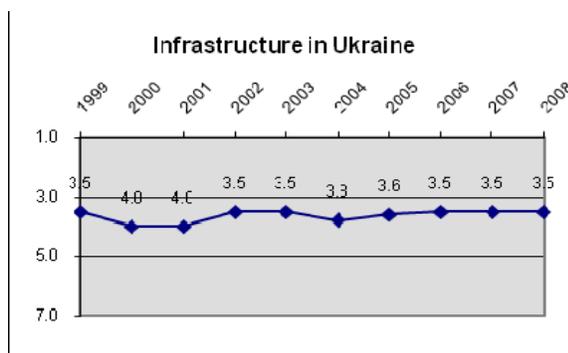
NGO resource centers created more than a decade ago by various donor projects have expanded their range of services, changed their roles, or stopped operating. This created a lack of training and consulting services on topics important to nascent NGOs such as grant writing and NGO management. At the same time, each region of Ukraine has at least one strong and experienced NGO that has the capacity to provide resource center services.

sector-specific intermediary support organizations has grown. NGOs demanded more customized and higher-level training and consulting. There are formal and informal networks of NGO trainers and experts, but high-level experts in certain areas, such as social entrepreneurship, are lacking. Some NGOs are not ready to pay for high-quality training.

No NGO coalition, committee or network represents the civil society sector as a whole at the national level. At the same time, there are strong and experienced issue-based NGO coalitions and networks in such areas as human rights, support to persons with disabilities, environment, HIV/AIDS, women’s health, tobacco control, and anti-corruption.

NGOs across the country are generally sufficiently equipped to conduct their operations, although many have outdated equipment, especially NGOs outside of major cities.

At least two well-established NGOs in Kyiv provide information services to NGOs nationwide through web portals and weekly newsletters. Despite their generally good work, neither of these civil society information providers offers complete information concerning all funding opportunities available to NGOs.



The need for some of the traditional services that used to be provided by NGO resource centers such as general information dissemination and use of equipment has declined, but the need for

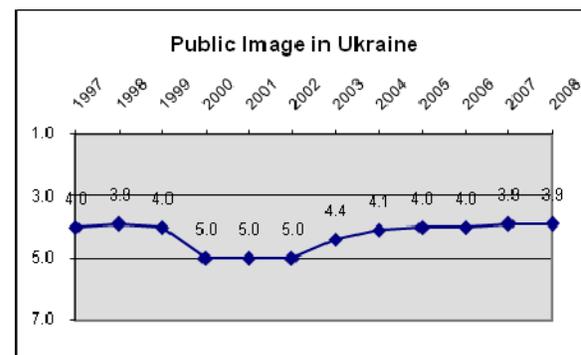
## PUBLIC IMAGE: 3.9

According to a public opinion poll conducted by the Institute of Sociology of the National Academy of Sciences, the level of citizens' trust in NGOs, although generally low, grew by 5 percent in 2008. The average level of citizens' trust in NGOs on a five-point scale was 2.5 in 2008, while in the previous poll in 2006 it was 2.4. The rising level of trust in NGOs contrasts with decreasing trust in government (2.4), parliament (2.3), and political parties (2.2). Leading TV networks invite civil society leaders and experts to present their opinions on various talk shows. Media continue to be reluctant to cover civil society activities, but if NGOs do interesting work and achieve results they can get media attention. The media is usually interested in the results of NGO monitoring of government performance. A leading network of human rights NGOs has been successful in attracting media attention to its activities. The media covered other NGO activities such as environmental actions, anti-drug campaigns, and protection of cyclists' rights. The Law on Advertising requires only government-financed mass media to place NGOs' social advertising without charge. Privately owned media outlets can charge NGOs for social advertising.

Those NGOs that employ professional communications managers usually succeed in ensuring media coverage of their activities. The expanding use of new media and social networks creates opportunities for NGOs to bypass traditional media. In some regions, political parties approached NGO leaders for advice on how to conduct communications and advocacy campaigns.

Business associations drew media attention to their activities aimed at promoting the interests of certain industries or groups of businesspeople.

Business associations seem to be able to keep a higher public profile because their constituencies' interests are usually more specific, and they tend to have more resources to fund advocacy and lobbying activities. Two civil society leaders, both women, were selected as members of the Ukrainian team of Olympic torchbearers. One is the leader of a national coalition of NGOs working with persons with intellectual disabilities; the other is a prominent environmental lawyer representing an influential nationwide network of environmental NGOs. This was a symbolic but important instance of public recognition of civil society leaders in Ukraine.



NGOs increasingly used press conferences in order to get their message across. Employees of penitentiary institutions attempted to picket a press conference organized by the Ukrainian Helsinki Human Rights Union when it was presenting its findings concerning human rights abuse in the penitentiary system.

In order to further promote a positive public image, more NGOs signed on to the NGO Ethics Principles Declaration. An initiative group of civil society experts drafted an NGO Ethics Code that contains practical guidelines on how to implement the principles.