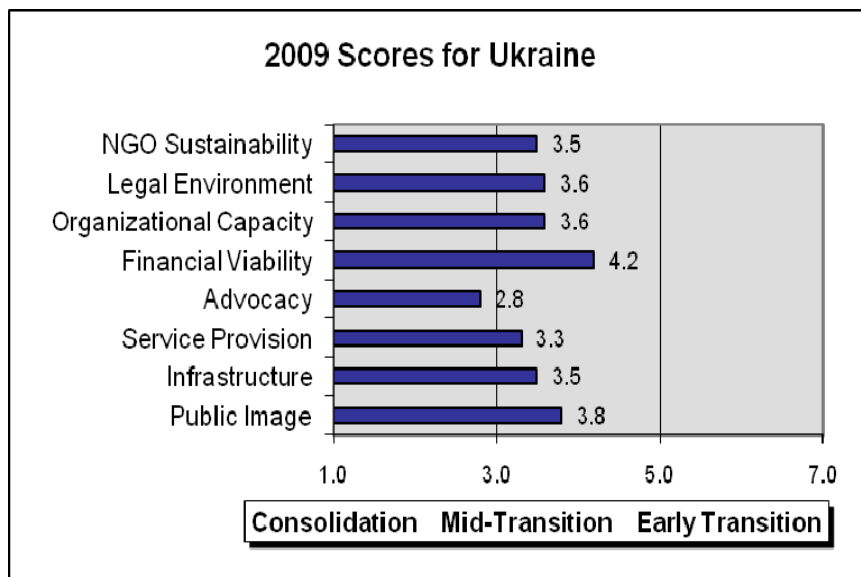


UKRAINE



Capital: Kyiv

Polity:
Republic

Population:
45,415,596 (July 2010 est.)

GDP per capita (PPP):
\$6,400 (2009 est.)

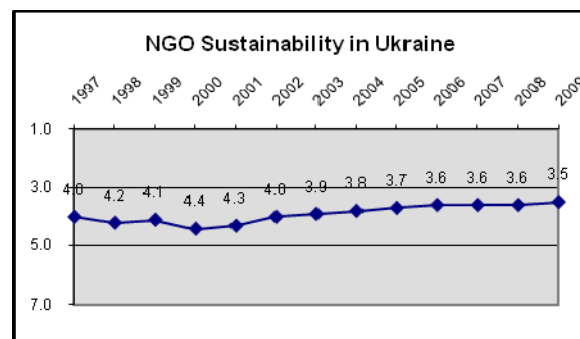
NGO SUSTAINABILITY: 3.5

In 2009, the NGO sector strengthened its organizational capacity, increased its ability to implement advocacy campaigns, and improved its public image. The global financial crisis hampered NGOs' financial viability. Leading NGOs and civil society experts initiated legislative changes aimed at creating a legal environment more conducive to civil society development, but Ukraine's ongoing political crisis hindered these efforts. The government has endorsed its own action plan on civil society development.

According to government statistics, the number of registered associations is around 52,000, and the number of registered charitable organizations is near 11,000. The growth, as well as the number, of strong and experienced NGOs across the country remained high in 2009.

The financial crisis slowed NGOs' recent brain drain and forced NGOs to use available resources more effectively. The majority of experienced NGOs remain highly dependent on financial assistance from international donors. While the NGO service market is only in its initial stages, NGOs now have an understanding

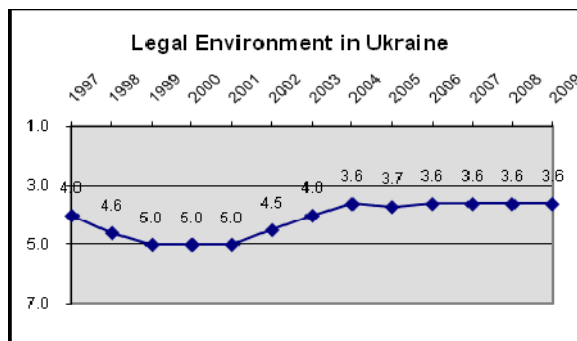
of what a service is and how it can and should be provided.



NGO infrastructure is relatively well developed, although there is still no national body that represents the interests of the sector. Strong and experienced NGO coalitions and networks that are focused on particular issues operate at the national, regional, and local levels and are generally successful in representing the interests of their target groups. Advocacy efforts by NGOs produced positive results, and the initiatives of regional NGOs became more innovative. NGOs also improved their interaction with the media in 2009.

LEGAL ENVIRONMENT: 3.6

NGOs must be registered with the Ministry of Justice and the state register. Local departments of the Ministry of Justice rejected the registrations of NGOs representing the lesbian, gay, bisexual and transgender community. Moreover, rejections of applications for not-for-profit status increased. Amendments developed by leading NGOs and civil society experts to eliminate the cumbersome Ministry of Justice registration process and replace it with a one-stop-shop mechanism failed to become a reality. The dissolution process for NGOs remains unclear. In 2009 the number of registered charitable foundations decreased.



Legal advice and information is available to NGOs in regions where NGOs have long operated. For instance, the Public Advocacy Center in Lviv city provides consulting to NGOs and citizens, produces information materials and delivers consultations in small towns and villages in the oblast. While the need for legal expertise has not been fully met, specialized networks of NGO citizen advocate offices focus on issues including corruption, migration, and HIV/AIDS. Many NGOs operate hotlines that assist both NGOs and the public.

No significant changes have occurred in NGO-related taxation, nor has the distribution of public funds become more transparent. NGOs continue to be inventive in finding ways to earn

income while maintaining nonprofit status. On December 15, the Verkhovna Rada (parliament) approved changes to the Law on Social Services, cancelling the requirement for NGOs to obtain licenses to deliver services.

The parliament continued to ignore civil society proposals on regulations and draft laws endorsed by the Cabinet of Ministers. In 2009, key laws on donations and activities of charitable foundations and organizations were proposed but not endorsed or even reviewed. The draft laws on volunteerism and on public associations faced the same problem, even though the latter passed the expert review of both the OSCE and the Council of Europe. The Order of Civic Expert Review of Public Authority Performance has been continually postponed since its adoption by the Cabinet of Ministers in 2008. NGO experts' recommendations were taken into consideration in the development of the new draft Tax Code.

The Ministry of Justice issued the Decree on the Development of the Citizen Association Register. The register will keep track of NGOs and allow access to information about them. Some NGOs initiated the development of city charters in cities such as Ternopil and Zhytomyr that lacked them.

The Cabinet of Ministers and other governmental institutions continued to develop and endorse annual plans for the implementation of the Concept for Promoting Civil Society Development by Public Executive Authorities. NGOs contribute not only to the development and adoption of the action plans, but also bear responsibility for their implementation. Ten NGOs were included as co-implementers in the action plan of the Department of the Civil Service.

ORGANIZATIONAL CAPACITY: 3.6

The financial turmoil of 2008–2009 forced NGOs to cooperate more closely with each

other, especially when it came to office space and administrative costs. NGOs' access to the

Internet has increased, as has the number of NGO websites. In general, citizen participation in NGOs remains low. Though NGOs learned how to engage their supporters more actively, they tended to rely on one-time events. The lack of a long-term strategy for engaging new members and retaining supporters is a major obstacle to increasing membership in NGOs. The financial crisis also contributed to the loss of credibility of many institutions, including NGOs, and made citizens more politically passive.

New and young NGOs formulated their missions more professionally and developed strategic plans at the beginning of their activities. They enjoyed improved access to knowledge, experience, and information materials generated by the NGO sector. NGOs that work with international donors usually have clear-cut missions and strategic plans and focus on the needs of their clients and target groups. Often, however, plans continue to revolve around the short term and particular projects.

The capacity of NGOs to cooperate with each other, authorities, businesses, and the public increased in 2009. This was especially true of organizations addressing specific problems such as environmental protection, support for HIV/AIDS patients and financially disadvantaged people, rights protection, and youth engagement. For example, during the last two years the Agency of Private Initiative Development in Ivano-Frankivsk built its organizational capacity by working as a regional information and resource center for NGOs from four oblasts. The results of the NGO's work were recognized at the local and national levels.

Most NGOs try to assess the problems of their target groups and to gain support when planning future activities. NGOs have tried to be more open in their work, have built mechanisms for receiving feedback from their clients, and have kept track of services provided. At the same time, a study by CCC Creative Center revealed that only a small number of NGOs published hard copies of annual reports, even though many

made public electronic versions. Though the majority of NGOs state that they conduct monitoring and evaluation of their programs and projects, only a small number of them engage external experts in these activities.

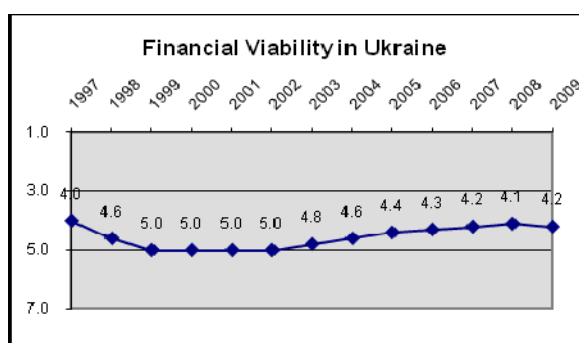


The financial crisis increased NGOs' ability to attract highly qualified personnel. It has become more popular among youth to start their careers by volunteering or working at an NGO, even though a study by the National Employment Center claims that only 3.5 percent of respondents would work for an NGO. NGOs remain uncompetitive in the labor market because of their low salaries and meager benefits, and turnover remains high. The lack of a training or leadership development system for NGO personnel does not help the situation. The organizational capacity of NGOs depends on the professional skills of NGO leaders.

The number of strong and experienced NGOs in the regions continued to grow in 2009. Moreover, many local and international donors noticed that initiatives and projects of regional NGOs became more innovative, creative, and interesting. Experts believe that the financial crisis has increased competition for resources and engaged all staff members in project preparation. For example, the Carpathian Agency of Human Rights (VESTED) in Uzhgorod implemented mechanisms aimed at long-term community development planning. The Green Cross Society from Lviv Oblast proposed the creation of a model to balance interests of the city with those of surrounding rural territories.

FINANCIAL VIABILITY: 4.2

Because of the financial crisis and the reduction in funds provided by traditional donors, the financial viability of the NGO sector weakened in 2009. The majority of experienced NGOs remain highly dependent on international donor support. The funding raised by NGOs from local business, local government grant programs, and corporate and private funds has shrunk. Membership dues and income earned through the provision of services account for an insignificant portion of overall NGO funds. Public funding decreased at all levels.



Due to the financial crisis, business income as reported by tax inspections during fiscal year 2009 decreased five times compared to fiscal year 2008. The private sector made fewer financial donations for charitable events and the majority of large companies cut down their social responsibility programs. Corporate and

ADVOCACY: 2.8

NGO advocacy efforts brought some significant results. Cooperation between civil society and public authorities at all levels improved. Due to the lack of formalized procedures and genuine interaction between public authorities and NGOs, however, NGOs receive limited information from the authorities. The advocacy capacity of NGOs increased in spite of frequent staff turnover among policymakers and the lack of interest among people's deputies at the local level in establishing regular contacts.

Civic councils, which were created to include representatives from ministries, oblast

private foundations continue to provide funding to their own programs or directly to people in need, hospitals, or institutions for children. There are no open grant programs for NGOs and previous ones were depleted due to a lack of funds. Private or corporate foundations increasingly compete with other NGOs for funding. The Ukrainian Philanthropists' Forum, a leading professional association, continues to support effective charity development in Ukraine. In 2009, the organization prepared a manual for business representatives on launching charitable campaigns.

Some companies continued their charitable activities and engaged NGOs in the implementation of these programs. For instance, Kraft Foods contracted CCC to implement a program focused on promoting healthy nutrition in two schools in the city of Trostyanets. The program will expand to five city schools in 2010. East Europe Foundation received more than \$300,000 from three different multinational businesses during 2009.

The most alarming trends in NGO financial viability include weaker financial management and internal fiscal discipline. These problems include late reporting, absence of documentation, and misuse of donor funds.

administrations, and other executive bodies in order to help NGOs contribute to the development of national policies, did not live up to expectations. The majority of these councils are inactive or controlled by the authorities, and new rules adopted in November set additional limits on NGO participation.

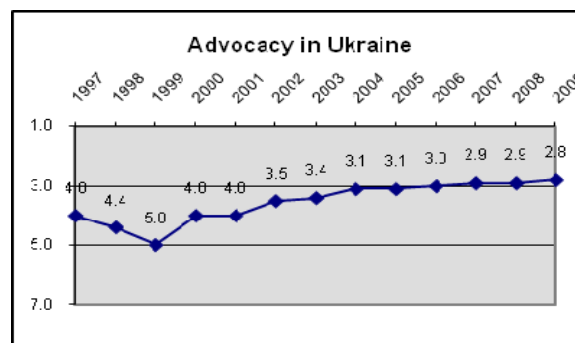
Several anti-corruption public advocacy networks established with donor support continued to monitor the work of public authorities. A coalition of NGOs engaged in monitoring higher education admissions concentrated on thirty higher academic

institutions across the country. The Ministry of Education included the coalition's recommendations in the admission rules for 2009 and 2010. A coalition of anti-corruption public advocate offices provided information and educational services in nine regions, maintained a national free anti-corruption hotline, and delivered legal assistance to citizens during legal proceedings. The coalition of NGOs that developed and submitted the draft Law on Access to Public Information managed to get the draft approved in the first reading by the Supreme Council and is preparing the draft for the second reading.

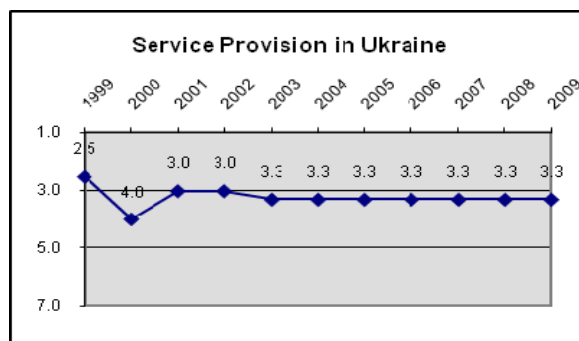
Successful NGO-initiated public advocacy campaigns focused on tobacco advertising, public monitoring of the external testing for university admission, and people living with HIV/AIDS. In October, the Verkhovna Rada adopted amendments to the Law on the National Budget 2009, including an excise tax increase on tobacco products, a significant achievement of the extensive advocacy campaign of a group of anti-tobacco NGOs. In September, on the

initiative of the president, the Verkhovna Rada adopted a project with the goal of decreasing the harmful health effects of tobacco.

NGO advocacy campaigns had increased impact on decision making at the local, regional, and national levels. For instance, 114 NGO advocacy campaigns on combating corruption in the judiciary, education and regulatory reform areas resulted in the adoption of 130 resolutions, decrees, and regulations of the Cabinet of Ministers, oblast public administrations, public councils, and local authorities.



SERVICE PROVISION: 3.3



NGOs continue to develop services in areas where the state does not provide sufficient services or does not provide them at all. NGOs deliver a broad range of services and products, but these services' scope, quality, and marketing have, in general, not improved and cannot be considered highly professional.

The most common areas of NGOs' work include children and youth, human rights, social issues, NGO development, politics and economics, culture and art, business development, women,

and the environment. The most common services and products include workshops and consultations, advocacy, information dissemination, education, study and analysis, social services, charity, policy development, and rehabilitation. With the repeal of Article 8 of the Law on Social Services, NGO providers will no longer be subject to licensing for all social services, but only for those types of services for which licensing is required of all providers, including state providers.

NGOs learned how to work better with businesses and to provide quality information and analytical services. Both businesses and public authorities are using NGOs for services more often. For instance, the Agency for Sustainable Development in the Luhansk Region received a request to help develop the town planning department website. Authorities often contract NGOs from other regions if these organizations are well known and professional. The Center of Public Expertise, for example,

helps the social protection and employment departments in small towns to more effectively assess social budgets.

Some NGOs understand that services are not just about quantity, but also about quality. The Agency for Private Initiative Development from Ivano-Frankivsk conducted an evaluation of the performance of one-stop-shops and developed recommendations which the Cabinet of

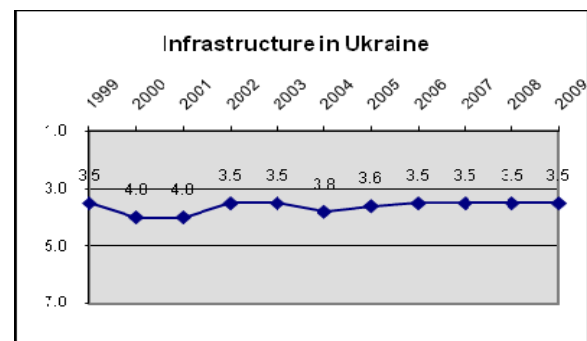
Ministers and the State Entrepreneurship Committee accepted for implementation.

The private and public sectors are interested in high-quality analytical materials developed by NGOs. The Odessa-based NGO Face-to-Face provided analytical expertise to a local transportation company after the company learned of the NGO's report on state subsidies for preferential fares for low-income groups such as the disabled and elderly.

INFRASTRUCTURE: 3.5

There is still no organization, coalition, or network of NGOs that represents the interests of the NGO sector at the national level. While there are strong and experienced national coalitions and networks of NGOs focused on human rights, people with special needs, the environment, HIV/AIDS, women's health, tobacco, combating corruption, and other issues, they cannot represent the interests of the entire sector.

NGO resource centers that were established in almost every oblast more than a decade ago under various donor projects have vanished. The majority either changed their services or their role in the third sector simply diminished. There is a pressing need for such centers, especially in rural areas where small local NGOs need basic training and individual consultations on skills such as proposal writing, organizational and financial management, interaction with public authorities, and service provision. Both new and experienced NGOs feel the need for continued learning, specialized consultations from experts, and information on funding sources.



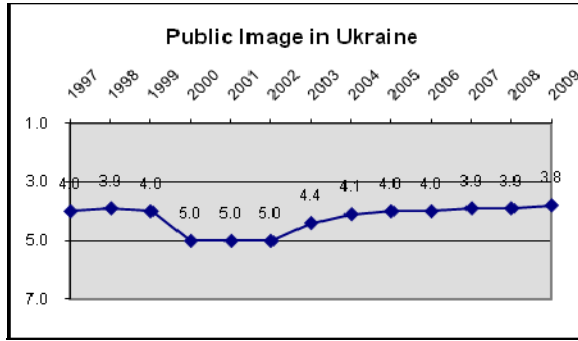
More Ukrainian NGOs are administering grant programs on behalf of international organizations, technical assistance projects and both local and international corporations. Despite increased partnerships among organizations in conducting joint activities and projects, NGOs still need to learn how to join their limited resources rather than duplicate the activities already carried out by other organizations.

PUBLIC IMAGE: 3.8

According to an expert panel that examined the level of democracy in Ukraine, initiated by the Democratic Initiative Foundation in September 2009, NGOs' effectiveness and democracy activity were found to be increasing. Civil society received 3.25 on a five-point scale (five being the best), compared to 2.5 in 2008. Experts think that one of the civil society victories in 2009 was to halt negotiations

between two political parties on undemocratic changes to the constitution. A coalition of think tanks made public the details of negotiations between the two major parties in parliament (the Party of Regions and BYuT, the Bloc of Yulia Tymoshenko).

NGOs started to gain better media coverage of their activities due to donor requirements as well



as a new tendency to employ professional communication managers. The leading television channels invited NGO leaders and experts to express their opinions on political, economic, and social issues, and the pool of experts courted by the mass media has expanded. Despite these encouraging steps, the cooperation could be more productive. Often the media is interested in the results of NGOs' monitoring of government performance, but they tend to be dissatisfied if this reveals no scandals.

Coalitions and networks of NGOs have been successful in engaging media in their events because they highlight trends pertinent not only to particular regions, but to the country as a whole.

NGOs are more often using innovative methods to communicate with the public. For example, a demonstration by environmental organizations to promote decreasing CO2 pollution generated significant media coverage on the eve of the UN Conference on Climate Change because the protesters dressed up as endangered animals. Celebrity involvement in the NGO sector lends a positive image to NGOs overall, but authorities and the public still hold a rather low opinion of NGOs.

While many NGOs supported and adopted the Declaration of the NGO Code of Ethics, its implementation is still lacking.