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Objective The objective of this activity is to support the development of the Project Implementation Plan (PIP) through the identification of the civil society capacity development needs at the National level as well as the project team's understanding of relevant issues as it pertains to Oblast selection. This activity will be the basis for a more in-depth study to be undertaken during the implementation of the project and after the selection of the pilot oblasts. It will determine the scope and nature of civil society involvement at the national level on issues that relate to regional development.

Methodology To collect relevant data and information, and meet with key stakeholders to identify available resources, processes, and vehicles for engagement of civil society related to different levels of government. The task requires a mission from the Canadian consultant who will liaise with civil society specialist "counterparts" to develop a common strategy and approach for the project.

This report is an analytical synthesis of information, data and opinions obtained from available secondary sources and meetings with a small select group of players in the state and civil society arena in Ukraine. Key secondary sources are listed in the **References** at the end of the report while key meetings are included in Appendix A. All meetings were conducted between May 23 – 29, 2005 in Kyiv and Chernihiv cities, Ukraine. The report has been prepared in six sections and in accordance with the above objective and methodology. Key limitations on the scope and depth of the report have to do with language challenges (loss of nuances through translation) and the limited time for conducting meetings, which in turn influenced the extent to which a more diverse sample of CS players could be accessed by the Canadian CS Expert. All other flaws are entirely those of the author.

SECTION I: SUMMARY OF CRITICAL ISSUES

The current political environment in Ukraine is conducive for civil society to thrive and prosper – it appears that political will for civil society¹ (CS) engagement is strong. By bringing several leaders from CS organization into its fold, the current government has provided fertile grounds for collaboration and bridged the divide between the two spheres of action and legitimacy – the state and CSOs. As the case may be in other CIS countries, CSOs have generally been treated with suspicion since their rebirth² by both governments and the general public alike. The previous regime in Ukraine, for example, treated CSOs with distrust and, to some extent, disdain. Several CS players faced off with that regime on issues ranging from human rights abuses, corruption, and election fraud to outright murder. Recent political developments in Ukraine – similar to the preceding ones in Georgia - are steps in the right direction. However, political will and a positive political environment are only part of the solution. Several critical issues remain to be addressed in order to foster more effective engagement. In the specific case of Ukraine, these challenges include the following:

A. Sector-Wide Issues

1. General Socio-Economic and Cultural Environment:

By most accounts, the general socio-economic conditions in Ukraine have improved over the past decade. Key economic indicators, including economic growth and unemployment, have shown improvement since the dramatic reduction in GDP following independence (World Bank Memorandum, December 2004). There is however no consensus on the extent and breadth of these improvements. Suffice it to say that, in spite of these improvements, a large segment of Ukrainian society, especially in rural areas, remains mired in poverty, underemployment and unemployment. With a poverty ranking of 70 on the UN Poverty Index and with 25% of its population living below the poverty line of US\$4 per day (UN Human Development Report 2004), Ukraine is ranked in the same category as Tonga Island and Trinidad & Tobago. It is fair to say that this otherwise rich

country with very fertile agricultural lands and a highly educated workforce still has a long way to go in ensuring that most Ukrainians enjoy the benefits of reforms for which they so courageously fought.

The aspirations, status and performance of CSOs in Ukraine must be viewed against this difficult socio-economic backdrop. For one thing, the above scenario vastly increased the demand for CSOs and CS interventions without the necessary accompanying resources, donor base and accountability mechanisms to support their effectiveness. Although this statement is a generalization, discussions in meetings and a review of available literature seem to confirm it for a large majority of cases. For example, available data seem to suggest that of the over 40,000 CSOs registered in Ukraine – most of them established during the period between 1996-2002 – only “10 percent...can be considered fully active and effective to some extent in their activities”³. A large segment of those that are effective continue to draw their financial support from international donors, raising questions about their sustainability.

Specifically, the socio-economic and cultural environment has presented challenges to the effective development and growth of CSOs in the following ways:

- The reform agenda has promised much and delivered less in the short-term leaving a large segment of Ukrainian society struggling on a daily basis to barely make ends meet. This reality has vastly limited the growth of a private domestic donor base (firms as well as individuals) both in terms of donated time and money. Until the situation improves along with other factors that will be discussed later (i.e., issues of legitimacy, transparency, public perceptions, legislation, taxation, etc.), effective development of the sector will be constrained and dependent on international funds transfers that are not always dependable or long-term in orientation. The small margin of Ukrainian society that has benefited from the economic development could potentially increase the pool of donors however; the current taxation and legislation (see subsection #2 below) environment presents serious bottlenecks that impede this potential.
- Significant improvements have been recorded (Counterpart Creative Center, 2005), but it is fair to argue that CS players remain fragmented in many of their strategies. This may be partly explained by the competition for limited resources (domestic as well as international) forced on the sector by the above socio-economic environment. In my meetings in Kyiv, one esteemed CS leader shared with me her observations of how other CS players organize CS strategy meetings to the exclusion of other key players – especially when there is the probability of money at stake. Whatever the motives, the apparent fragmentation does not help the collective interest of CSOs, especially in the context of engaging in participatory governance and on key reform issues. On the flip side, the general lack of coordination on the part of international donors continues to fuel a “grant mentality”.
- The rebirth of the CS sector has brought with it certain legacies of the Communist era, which continue to impede the sector’s effective development. One such challenge is the very concept of volunteerism, which still evokes memories of being forced by the state to do things in the guise of volunteered services, including spying on neighbours. Another legacy has to do with low motivation to help others in need since under Communism the state was the “almighty” provider. These legacies are waning but as the saying goes, old habits die hard. Furthermore, the legacy of a directive leadership style during Communist times continues to haunt CSOs, thereby impeding the practice of internal organizational democracy within the very agencies that are championing, or expected to be champions of, democracy and participatory governance.

The challenging socio-economic and cultural environment is compounded by a rather chaotic legal, legislative and taxation environment. These challenges are reviewed and presented below based on a report⁴ prepared for the World Bank by Anatolii Tkachuk of the Civil Society Institute (CSI), Kyiv.

2. Legislative and Taxation Environment:

Remnants of the laws and legal instruments from the Communist era continue to affect both the nature of, and the space for, effective CS development and operations. For example, the current legislation is problematic with respect to its application to non-profits in terms of “activity of the membership” versus “property-based (non-membership) organizations”. The above referenced CSI report has conducted a comprehensive analysis and compiled a detailed list of issues including the following:

- ***Lack of legislation pertaining to non-membership-based organizations (foundations):*** Ukraine is the only CIS state that does not have any laws pertaining to non-membership organizations (e.g., foundations). Legislation in most countries of Central and Western Europe and the CIS addresses issues regarding both membership (associations) and non-membership organizations (foundations).
- ***Mixed representation in associations:*** Ukrainian legislation does not conform to best practices in its failure to allow both natural and legal persons to establish associations. In most countries of Central and Western Europe, associations may be created jointly by natural and legal persons.
- ***Discrimination against Public Organizations (POs) as compared with commercial legal entities:*** Certain provisions in Ukrainian legislation discriminate against POs in favour of commercial legal entities: (a) the registration period for commercial entities is 5 days as opposed to two months for POs; (b) registration based on territorial status applies only to POs. Registering a PO should not be more complicated or burdensome than registering a commercial entity, which is not obligated to undergo territorial registration.
- ***Conflicts of interest:*** Ukrainian law does not impose on officers or board members duties of loyalty, care, or due diligence, or to maintain the confidentiality of non-public information about the organization. No Ukrainian law directly addresses issues of conflicts of interest or interested party transactions.
- ***Economic activities of Non-Profit Organizations and exemptions from taxes on profit (income) from principle activities:*** Under current Ukrainian laws, POs are not allowed to engage in economic activities to support their principle activities although this is an internationally accepted good practice with the provision that profits must be re-invested in not-for-profit activities and cannot be distributed to members.
- ***Taxation of donations by natural persons:*** Natural persons enjoy virtually no tax benefits (deducting donations from taxable income) for donations to POs; the amount of deductible donations is very small; and the procedure for recognizing a donation for tax purposes is very rigid and does not encourage public contributions.
- ***Taxation of donations by legal persons:*** There are no tax benefits to small enterprises for donations.
- ***VAT and duties:*** Ukrainian law does not contain provisions for lower VAT rates, with the only exception being “O” VAT rate for organizations of the disabled.
- ***Restrictions on investments:*** In accordance with Ukrainian law, a PO’s gross revenue for the quarter following a reporting year must not exceed 25% of the total revenue for that year. The amount of the excess is taxed at a 30% rate. This substantially inhibits POs from engaging in investment activities allowed in other countries.
- ***Volunteers:*** Ukrainian law does not encourage volunteer labour and discriminates against volunteers vis-à-vis statutory employees or other contract workers. This does not conform to good practices.

3. Capacity Building Issues:

Given the socio-economic, cultural and legislative environment painted above, it is admirable that a segment of CSOs in Ukraine have attained such high professional standards and even sophistication. Yet it must be said that a large segment still requires tailored capacity building interventions in the areas of long-term strategic planning, organizational governance, management and leadership, organizational systems,

membership engagement and mobilization of financial resources.

4. Issues of Profile, Public Image and Legitimacy:

As discussed in #1 above, the public's perception of most CSOs and the sector at large leaves a lot to be desired. The reasons for this situation are many and varied, ranging from a lack of transparency, accountability and ethical norms to undue affiliation with political parties and outright corruption. Examples of NGOs that were started by politicians and in some cases by the government in power and even by Oligarchs are not hard to find. Much remains to be done by the sector to gain public trust and thereby claim its rightful level of legitimacy. Principles of effective engagement between CS and the state are based on the assumption that CS players bring a level of legitimacy to the participatory governance table.

B. Issues Specific to Key CS Stakeholders:

In the context of the RGD project, CS stakeholders will need to be held up against the above analysis. They will also need to be vetted against the following more specific, but not exhaustive issues. How they perform under these questions will help to better define their specific capacity building needs.

- Organizational Legitimacy and Sustainability: what is the basis for their legitimacy? This in turn has a bearing on their long-term sustainability.
- Human resource capacities to engage in high level governance discourse: this requires good quality analysis, input and feedback into governance issues.
- Propensity to collaborate and coordinate strategies with other CS players in the engagement process: how oriented are they to a coordinated approach, i.e. intra-CS engagement/collaboration?
- Inclusiveness and gender equity: to what extent are the stakeholder organizations broad-based and equitable in their practices?
- Codes of ethics and professional standards: to what extent do the stakeholders subscribe to codes of ethics and professional standards?
- Independence: to what extent are specific stakeholders beholden to specific national or regional authorities (including municipal authorities) or affiliated with political parties or businesses?
- Do stakeholders have clearly defined governance structures?
- Systems and communication infrastructure necessary for effective engagement: to what extent are these already in place (e.g. telephones/faxes, computers, emailing systems, information management systems, etc.)?

On the flip side, much remains to be addressed within the structures of state authority (national and regional) in order to neutralize the bureaucratic inertia that has often hindered CS engagement and impeded implementation of innovative solutions brought forward by players in the CS sector. Even when the political will is strong (as in the case of the current Yushchenko Regime), the leadership skills to be truly open to cooperative approaches in regional governance and development may often be lacking. A 2003 World Bank sponsored survey of Ukrainian NGOs lists the obstacles to engagement between CSOs and the state as follows:

- an absence of legal mechanisms for public oversight of the authorities;
- an absence of public information on key decisions by authorities; and
- a lack of desire on the part of the authorities to actively cooperate with NGOs and the passivity of the general public in this regard.

SECTION II: SUMMARY OF KEY STAKEHOLDERS

A. State⁵ Level

National Level: Ministry of Economy - this Ministry was established in 1998 with responsibility for an extensive portfolio including: the formulation of state policy on the economic and social development of Ukraine and the establishment of mechanisms for its implementation; the development of state regional policy, including its implementation; and the development of state economic policy on Ukraine's integration into the world economy and economic and social cooperation with the European Union (EU). The Ministry reports directly to the President and consist of the following departments: Department of Public Administration, Department of European Integration, Department of Policy, Internal Trade and Personal Services, Department of Economic Strategy, Department of Regional Policy, Department of Market Development, Department of International Commercial Economic Cooperation, Department of Human Development, Department of Investment Policy, and Department of International Technical Assistance Coordination. With specific reference to the RGD project, the Department of Regional Policy is the key stakeholder. In accordance with a presidential decree in 2000, the Ministry's main objectives include "participating in formulating state regional policy and facilitating implementation of this policy". This stated objective offers the key entry point for CS engagement in regional governance at the national level.

Regional Level: The stakeholders at this level are the Oblast Administration and Councils which co-exist based on the concept of "own" and "delegated" authorities. "Own" authorities are executed autonomously and independently by local self-governments (Councils) while "delegated" authorities are mandated by the state through the Oblast Administration. Based on this concept, the functions of Oblast Councils are often vaguely defined and may vary from one Oblast to the next. The Oblast Administrations, on the other hand, function as part of the national government administration, accountable to the President-in-Cabinet. Their roles include the following:

- ensuring adherence to the Constitution and the laws of Ukraine and the fulfillment of central government decisions and presidential decrees;
- maintaining law and order and ensuring the observance of the rights and freedoms of citizens;
- ensuring the implementation of national and regional programs for social, economic and cultural development, environmental protection and others;
- drafting and implementing oblast budgets;
- providing implementation reports on local budgets and programs; and
- coordinating with local self-governments (Oblast Councils).

Within the scope of these functions, great opportunities exist for CS engagement at the regional level and examples of current engagement and collaboration were discussed at meeting in Kyiv with Regional Development Agencies (RDAs) and in a meeting with regional authorities and RDAs in Chernihiv city. During the meeting with RDAs in Kyiv, examples of engagement were cited for the following four oblasts: Volyn, Poltava, Kharkiv and Cherkasy. At the meeting in Chernihiv city, three RDAs again had an opportunity to showcase their engagements with authorities at the regional level. Based on these examples, it does appear that a good baseline has been established from which to build, in spite of the obstacles cited in Section I(b) above.

B. Civil Society Level

National Level CS Players: In the context of the RGD Project, NARDA is the key CS stakeholder at the national level together with its 38 member RDAs that operate at the Oblast level. NARDA, launched in June 2002, is still quite young as an entity although its leadership is up to the task of national level engagement. The Association has put in place a Strategic Plan aimed at effectively promoting "regional development in an inclusive and representative manner" through "consultations on policy formulation and execution regarding sustainable regional development issues among government, business, academic and non-profit organizations."

In the opinion of the Canadian CS Expert, the scope of the national level CS players in the RGD project could

be broader and more inclusive. A NARDA-Plus strategy could ensure that the scope of input captured is more representative of Ukrainian CS at large. For example, a NARDA+ strategy could allow gender and youth considerations to be addressed.

Oblast and Local Level CS Players: In the context of the RGD Project, **RDAs** are the key players at the Oblast and local levels. Like most CSOs, their existence dates back to the early 1990s, with the first one being established in 1993. Since then, 37 others have been established (at least one in every Oblast), with the vast majority being registered during the CS “boom period” of 1996-2002. As in the case of NARDA (the RDAs’ coalition), much remains to be analyzed regarding their legitimacy and sustainability. It appears however that they already have some visibility and clout, which is advantageous given the context of engagement and policy influence. Several RDAs are already collaborating on a variety of projects with Oblast and municipal level authorities. It is understood that these agencies have maintained a level of independence from the oblast authorities and politicians but in the opinion of the Canadian CS Expert, there may be instances where this independence needs further confirmation. For example, it was explained at one meeting that a particular RDA was set up by a municipality and entirely funded by the local authority. This of course blurs the boundaries between CS and the state authority. However, it has also been further explained to me that this particular case is the exception since the predominant majority of RDAs emerged as bottom-up initiatives and are therefore fully representative of civil society in Ukraine. In fact in this regard, Ukraine is unique since RDAs in other European countries (UK, France, etc.) were set up by special regulations/decrees of their governments.

Over the past decade, several attempts to strengthen the capacities of CSOs to engage national and oblast level authorities have been promoted mostly by international donors. An exhausted listing within the framework of the TORs for this pre-inception mission is not possible given the vast array of CS initiatives and donors over the past decade. What is presented below is a partial listing of some of the most pertinent ones, including the ones funded by CIDA.

C. Canadian Funded Initiatives

The Building Democracy Project – Queens University

Fifty percent of this project is focused on strengthening civil society. The project aims to foster a greater understanding and an enduring commitment to the values of democratic governance, the rule of law, and civil society. It will do so by building a cadre of trainers and self-sustaining programs of training on democracy to provide civil society, as well as current and future government officials, including law enforcement personnel, with an understanding of their responsibilities and accountabilities in a system based on the rule of law and respect for civil liberties. As a result, public servants and law enforcement personnel will better understand their responsibility to observe the principles of democratic accountability, transparency, human rights of men and women, and rule of law, while young people entering the electorate will understand their rights and duties as citizens and as members of civil society.

Policy Advice for Reform in Ukraine (PAR) – Canadian Bureau for International Education

Twenty percent of this project is allocated towards strengthening the policy role of civil society. PAR is geared towards policy formulation and implementation for a select number of senior Ukrainian officials from core policy areas and change-agent institutions. It is designed to support the country's reform programs, and the capacity development of public sector organizations and institutions. The project is designed to act as a flexible, fast-acting responsive mechanism capable of responding to priority requests from the Government of Ukraine and organizations involved in reform initiatives. Senior Canadian policy advisors provide timely and specialized expertise and training on issues that are central to the reform processes underway in the country. In addition to advisors, the project supports study tours and short-term training or internships in Canada.

Community Economic Development in Ukraine – Canadian Bureau for International Education

The Community Economic Development project will address the community development needs of up to 36 small urban and rural communities of Ukraine. Community Economic Development is a process by which a community solves social and economic problems through the development of community-owned economic

initiatives. The CED Project acts as a facilitator to empower the selected communities to mobilize their own resources, and work with local authorities to address community-defined economic and social priorities, with a special focus on poverty reduction. The CED project will initially work in three entirely different regions of Ukraine (Lviv and Transcarpathian oblasts in the west, and Cherkasy oblast, south of Kyiv), with three identified sites in which the Ukrainian communities have already strongly demonstrated their intent to develop the economy and their living environment. Fifty percent of this project is designed to strengthen civil society.

Civil Society, Community Roots – Canadian Bureau for International Education

This initiative was designed to strengthen regional non-government organizations and community-based organizations in Ukraine aimed at delivering outcomes that include: improved capacity of communities to solve their own problems, increased appreciation of civil society and improved relations between NGOs and the public sector.

SBEDIF - Regional Networks - Confederation College of Applied Arts and Technology

The SBEDIF project is 100% SME development. It will establish a major Internet Web Portal at the SBEDIF Business Centre in the city of Ivano-Frankivsk, and develop a network of five satellite business centres in selected regions around the district of Ivano-Frankivsk. The SBEDIF-RN will serve as the hub of a linked network of business centres, each of which will be able to provide business and English-language training, business consulting services, access to the SBEDIF loan fund, and other services with the aid and support of the central office. This will both increase access to and increase the overall impact of the programs currently offered by the SBEDIF Business Centre in Ivano-Frankivsk. This new project, SBEDIF-RN, will build on the successes of the original SBEDIF project, funded by CIDA for the period 1996-2000, and will increase its longer-term impacts by using digital technologies to increase access to SBEDIF Business Centre programs and services throughout the district.

Youth for Health II – Canadian Society for International Health

The Youth for Health II project goal is to contribute to the development of sound public policies that will promote health among Ukrainian youth and children. The project's purpose is to: 1) adapt the Youth for Health model at the local level in selected communities in two regions in Ukraine, focusing on key lifestyle issues such as HIV/AIDS, smoking, drugs, alcohol, mental health, nutrition and physical activity, and emphasizing gender equality and youth involvement; and 2) create a national youth health promotion centre that will support the adaptation of the Youth for Health model, refine the model through ongoing evaluation, and develop youth health promotion policy proposals. The Ukrainian Institute for Social Research, which has become a respectable focal point for leading youth health promotion in Ukraine, is the main Ukrainian partner. Twenty-five percent of this project is designed to strengthen civil society.

People's Voice Project – CIDA/World Bank

For democracy to develop in Ukraine, ordinary citizens need to believe that the politicians they elect to represent them can and will address their concerns and best interests in improving the welfare and quality of life in their communities. Assisted by the Canadian International Development Agency (CIDA) and the World Bank, the People's Voice project in Ukraine was developed in 1999 to build the public's skills in effectively engaging and influencing local government. It sought among other things to strengthen the capabilities of both CS groups and municipal/local authorities in using information and interacting with each other in order to improve the overall quality of governance in these cities. The project coverage include: Ternopil and Ivano-Frankivsk in the West, Kupyansk and Chuguiv in the East. In its first three years, the project has improved the capacity of citizens to interface with local government and the capacity of local governments to deliver services. Unlike many programs, which focus either on developing civil society or on reforming public administration, People's Voice focused on both simultaneously. It was implemented at the municipal level, where service delivery issues are an immediate day-to-day concern of citizens. By addressing capacity building and collaborative action with both governments and civil society in a balanced manner, People's Voice achieved benefits even in the short run. The project is currently in phase II.

D. Other Donor Funded Initiatives

Technical Assistance to the Commonwealth of Independent States (TACIS) – EU

TACIS is a technical assistance program that funds a multitude of projects, including projects that support the development of the civil society sector in Ukraine. Specifically, the TACIS IBPP program is designed to support the development of non-profit organizations from civil society, local & regional authorities and public institutions in the New Independent States (NIS) and Mongolia. The IBPP is based on international partnership and exchanges between organizations or institutions within the European Union or the Phare countries and their counterparts in the NIS and Mongolia. In the specific case of Ukraine, TACIS IBPP has supported, among other initiatives, the Standing Civil Society Consultative Group which drew representations from every region of Ukraine. http://europa.eu.int/comm/europeaid/projects/ibpp/index_en.htm

Municipal Sustainable Development Programme in Ivano-Frankivsk - UNDP

The set of initiatives under this programming banner aimed to renew trust between local/municipal authorities and community functional groups (CBOs), to mobilize communities, and facilitate the local sustainable development planning process in the municipality of Ivano-Frankivsk. The strategies are focused on building the capacity of the municipality and local community, and helping to mobilize citizens in local development initiatives. Examples of specific projects carried out include installation of heating meters, roof repairing, construction of sports grounds and establishment/support for a school network to create an enabling teaching environment at schools.

OSCE-Supported Initiatives

OSCE has supported several short-term initiatives pertinent to the CS sector, including many in the area of electioneering and military-community development conversion of the former military base in Zherebkovo (Odesa region). The organization has also supported initiatives in the area of economic development, rule of law, human rights and human trafficking. For example, in the western region of Rivne, OSCE is supporting initiatives that promote regional development through the setting up of infrastructure conducive to investment activities and attracting foreign direct investment to the region. The portfolios of projects have expanded to include topics such as franchising, eco-tourism initiatives and cross-border co-operation. These projects reflect the need for OSCE Ukrainian counterparts and will be implemented in close co-operation with Ukrainian authorities and non-governmental organizations

Furthermore, OSCE has an interest in promoting economic empowerment of vulnerable groups in Ukraine and in line with this interest, the organization has carried out labour assessments to develop strategies for these groups together with relevant government agencies. With the help of the OSCE Economic and Environmental Coordinator's Office, a project dealing with the economic empowerment of orphans is being carried out to address issues regarding "How to start my own business," and unemployment with specific emphasis on youth and after school opportunities.

With regards to the problem of human trafficking, OSCE has partnered with the Ministry of Education and a network of 20 NGOs to conduct 1,200 lectures on anti-trafficking issues throughout Ukraine for more than 36,000 people from different target groups. The Lector's Group, consisting of the same NGOs that work on the hotlines, received regular training, information materials and trafficking prevention manuals.

More recently, OSCE has initiated new projects related to the promotion of transparency at the regional government level and fighting corruption. It is recommended that efforts be made to link up with these initiatives as they could provide valuable materials on the issues of corruption and transparency in the context of Ukraine.

Ensuring the Implementation of Territorial Community rights Guaranteed by the Law on "Local-Self-Government In Ukraine" – EU/Counterpart Creative Center

Among other things, the project provided technical, legal, advocacy and lobbying support to CS groups in the implementation of their plans.

Democratizing Ukraine – EU/Counterpart

This Small Project Scheme was aimed at strengthening the democratic voice in selected communities in Donetsk and Lviv Oblasts by increasing the capacities of CSOs to help poor and vulnerable people influence policy and service delivery.

From the available literature it does appear that considerable international donor support has been channelled to CSOs through these lines of interventions. The question remains whether this support has generated satisfactory results. Most observers believe it has and point to the Orange Revolution as a concrete case in point. Others point to the Resource Centres fiasco where out of fourteen centres initially supported with considerable funding, only four remain today. It is the opinion of the Canadian CS Expert that much has been accomplished but much remains to be done. A solid baseline has been laid, and the RGD project has a foundation to build on and to avoid re-inventing the wheel while at the same time staying clear of repeating past mistakes.

SECTION III: SUMMARY OF BASELINE DATA

This section is a summary of key aspects of the geographic and sectoral spread of CSOs compiled by the Canadian CS Expert from a Counterpart Creative Center (CCC) publication together with a review/analysis of CS-related technical support by regions/oblasts conducted by the Ukrainian CS Expert.

Based on data collected in a survey, analysed and publicized by CCC⁶, it would appear that the geographic dispersion of CSOs in Ukraine is almost 2:1 between West and Centre regions on the one hand and East and South regions on the other. Of the 588 CS respondents in the CCC survey, 379 are located in the West and Centre regions combined, consisting of the following oblasts: Volyn, Rivne, Lviv, Ivano-Frankivsk, Chernivtsi, Khmelnytskyi, Zakarpattia, Ternopil, Zhytomyr, Cherkasy, Kirovograd, Vinnytsa, Chernihiv, Sumy, Poltava and Kyiv (16 oblasts). Two hundred and nine are located in the East and South regions consisting of the Autonomous Republic of Crimea and the following 8 oblasts: Mykolaiv, Kherson, Odessa, Kharkiv, Donetsk, Dnipropetrovsk, Zaporizhzhia and Lugansk. It is understood that a closer examination of the number of oblasts, their relative sizes, population and other factors may render these disparities less glaring. Nonetheless, this is a factor that should be considered in the selection of the two pilot oblasts for the RGD Project.

In terms of sectors of activities, the overwhelming favourite is Children & Youth (44%) with Human Rights a distant second at 34%. This finding may also be of significance in the determination of specific stakeholder CSOs in the RGD Project once the pilot oblasts are selected. Surprisingly only 10% indicated that they work specifically on women's issues. Of interest also is the 20% who indicate that they work in the area of CSOs development. This is a group that should be of interest to the RGD Project and some additional analysis/follow-up on this segment of the study is recommended.

REGION/OBLAST	CS-RELATED DONOR AND TECHNICAL SUPPORT
South Region: Khersonska and Mykolajivska Oblasts	Establishment and support of civil society constitutes about 2.6% of donor and technical support to this region. In the context of overall donor support, the level of support is quite low and represents just about 1.5 % of total donor and technical support to Ukraine. The key project of relevance to CS is “ Development of Internet-centres in libraries ” aimed at making central libraries the de facto information centre for citizens. The project concept is viable and has played an importance role in the formation of civil society groups. The project is jointly funded by the US Embassy in Ukraine (LEAP) and the International Renaissance Foundation. The key obstacles to attracting donor and technical support to this region have to do with a general lack of development of civil society institutions, poor attention to organizations from peripheral territories, low activity of public organizations and imperious structures regarding securing facilities.
North Region: Zhytomyrska, Rivnenska and Chernigivska Oblasts	Development of civil society receives 9% of donor and technical support. No obvious special obstacles can explain this relatively low level of support except the negligible number and low level of activity of public organizations with reference to grant seeking/sourcing. Furthermore, the scope and efficiency of collaboration between government and CSOs is minimal. The key project of any relevance to CS is “ Public activity for beginners ”, aimed at the dissemination of information/knowledge about public life among the population of region. It also offers assistance for establishing CSOs. Generally donor support has been directed towards public initiatives and collaboration between different institutions for solving public issues in the region. Specifically, most projects were focused on legal education, support of youth programs, development of small and middle business, and formation and development of civil society. Another project of relevance to civil society is “ Development of social partnership in the Chernigivsky Region ” which is focused on creating a social partnership council.
East Region: Donetsk, Luganska and Sumska Oblasts	Over the past three years, donor activity and support in the region has remained stable. However, there appears to have been a slowing down of support and activities that address the impact and consequences of restructuring in the coal industry as well as the development of CS environment. Of particular relevance to CS is the project “ Public Against Corruption ” which focused on the development of a democratic CS, Rule of Law, and improvement of social climate and expansion of citizens’ participation in the political and economic decision-making process. The second project is a DFID funded one titled “ Social and Economic Revival of Donbass - Lugansk XXI Age ”. One component of this project focused on the development of CS.
Central Region: Cherkassy, Poltavaska and Dnipropetrovska Oblasts	Actual donor and technical support in this region is relatively insignificant as compared with the potential.
Western Region: Lvivska, Chernivetska and Volynska Oblast	The Project implemented in this region that is of any relevance to CS is “ Development of collaboration of NGOs and MASS-MEDIA in Volynska oblast ”. The project resulted in increased and improved communications between NGOs and the media, and by extension, the public. The project raised awareness of the role of CSOs in the public life of the region.

SECTION IV: SUMMARY OF INDICATORS

In this Section, a summary of preliminary indicators to measure civil society involvement, including the effectiveness of engagement, is reviewed by the two CS Experts and tabled below. These indicators will need to be revisited and refined once the two pilot oblasts are selected and the specific stakeholders known.

QUANTITATIVE INDICATORS	QUALITATIVE/PROCESS INDICATORS ¹
# of CSOs that participate in elaborating regional policy.	Level of Transparency and Access to Information
# of established coalitions, professional networks on regional development issues, created by CSOs.	Level of Inclusiveness
# of manuals, brochures, analytical publications on above-mentioned issues, published by CSOs.	Quality of Discourse and Deliberation
# of regional development projects implemented with participation of CSOs.	Existence of Mutual Accountability Mechanisms
# of workshops, conferences, trainings, public hearings, conducted by CSOs.	Level of Implementation of Action Plans jointly developed
# of short- and long-term development strategies, number of long-term and annual social and economic development programs elaborated with public participation.	Existence of Mechanisms for Joint Agenda Setting
# of programs implemented from the list of those defined in the development strategy.	Level of awareness of CS initiatives by the media and public at large
# of models for solving regional problems, implemented in other regions.	Existence of Codes of Ethics; Extent to which Codes of Ethics are invoked
# of projects on interregional cooperation implemented.	Level of intra-sector coordination on sector-wide issues
# of intra-sector strategies jointly developed; number actually implemented.	Quality of intra-sector strategy strategies actually implemented
# of CS initiated legislation tabled in Parliament; Number actually passed.	
Indicators of Public Awareness of, and Public Participation in, CSOs' Initiatives	
# of positive mention of CSOs in Mass Media.	Types of CS outreach initiatives, including publications (annual reports, etc) and websites
# of implemented NGO projects that are financed from local budgets and are represented in the local programs of socio-economic development.	Types and levels of engagement with the media
# of CS initiatives conducted to benefit the public at large.	Level of support for CS initiatives
# of meetings/engagements with constituency members or general public at regional and local levels by CS players.	
% of randomly selected Ukrainians who can identify at least one CS player at national, regional or local level.	
# of people participating in meetings/engagements initiated by CS players.	
# of volunteers involved in CS operations/initiatives.	
# of people participating in calls to action by CS players.	

SECTION V: SUMMARY OF SHORT-TERM CAPACITY DEVELOPMENT NEEDS

This section is a preliminary summary of the short-term requirements for increasing civil society involvement, including initiatives such as training, public education programs and community relations activities. The Section is handled from the perspectives of stakeholders' internal capacity buildings requirements for engagement as well as their outward-oriented capacities (e.g. systems and infrastructure, etc) to engage. A more sector-wide perspective is taken in Section VI.

When asked a question regarding the hierarchy of problems they face, CS respondents have generally summarized these as 'insufficient funding, insufficient information, legislative deficiencies, popular apathy and limited access to communication tools'.⁸ While some of these self-identified challenges relate to sector-wide challenges, the first and last issues could be addressed in the short-term for the select group of stakeholders involved in the RGD Project. These two challenges (insufficient funding and limited access to communication tools) are of particular relevance to the subject matter of involvement/engagement. The first is important in obtaining and maintaining the necessary staffing and expertise for engagement and quality input/feedback; the second is important in efforts to relate and engage externally with state players and other CS players (i.e. capacities to relate). Short-term measures to address these types of needs can be in the form of institutional support combined with workshops and study tours.

Other challenges identified in both the World bank and CCC studies include the need for internal management training, governance, financial management and transparency, effective governance structures, participatory leadership and management and systems to meet generally accepted accounting standards, human and financial resources management policies and procedures, gender equity/equality polices, etc. It will take more focused organizational assessments to determine which of the CS players in the RGD Project will require specific elements of the generic capacity building. This can be done once the pilot oblasts have been selected. In general, it is expected that the capacity building measures will, among others, come under the following themes:

- Strengthening of CSOs' management and operational performance;
- Institutional support: strengthening CSOs' capacities to collaborate (e.g. communication infrastructure, etc.);
- Establishment of minimum specifications for engagement and collaboration/cooperation, including principles of participatory decision-making processes, codes of conduct/ethics, etc.

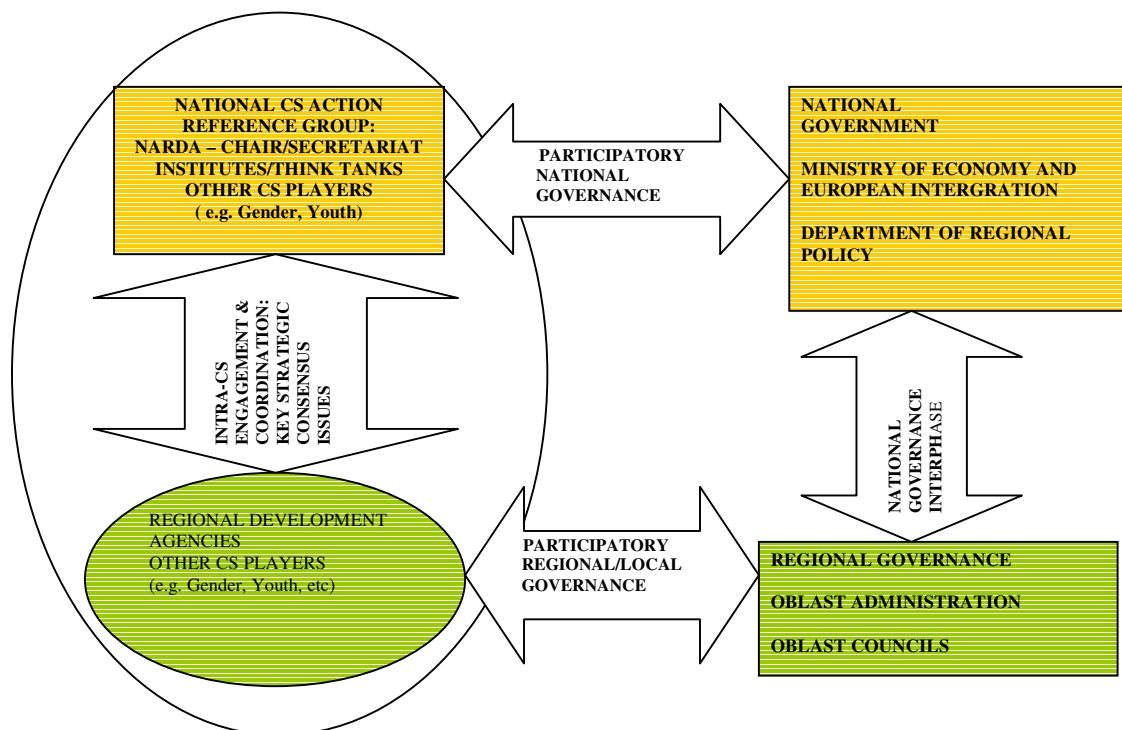
SECTION VI: SUMMARY OF LONG-TERM PROSPECTS FOR STRENGTHENING NATIONAL LEVEL CAPACITY

In the long-term, a sector-wide approach needs to be considered in efforts towards strengthening CSOs in Ukraine. In the context of the analysis conducted in Section I, the operational environment of the sector needs major improvements and a coordinated approach will be helpful in advancing this agenda. It is understood that efforts are already underway in this respect (e.g. draft legislation by CSI, etc.) and that the Orange Revolution, like its counterpart in Georgia, has ushered in a new era conducive to CS development. As already mentioned, several of the leaders of the CS sector have been appointed to influential positions within the current government, bringing with them (it is hoped) the values and aspirations of CSOs in Ukraine. This outcome has greatly improved CS access to power and key players in government including access to President Yushchenko himself. In my meeting with Civil Society Institute (CSI), it was pointed out to me that the leadership of CSI has direct access to the President's Office and have been promised that the current draft reform legislations on CSOs will be accorded fast track status.

However, it is fair to say that much more remains to be done. Within the context of the RGD Project, some additional efforts in this direction could be quite productive. It is in this spirit that a plausible engagement

model that is perceived to be more inclusive and coordinated – a NARDA+ Model – is suggested below. Conceptually, the model could be schematically laid out as follows:

Suggested NARDA+ Model of Engagement



The concept could be discussed in greater detail should the project stakeholders be so inclined in exploring it. Essentially, it is intended to broaden the base for civil society engagement with NARDA as the catalyst/facilitator – the grease that enables the wheels to move in sync.

Within this conceptual sector-wide approach, issues such as promoting public awareness (public profile) of NGOs and promoting volunteerism could be effectively tackled. For example, the CS players in the model could design and implement educational campaigns in partnership with regional/local governments to promote public awareness and participation. This type of campaign could showcase best practices and model experiences from CS initiatives. The caveat here is that the initiative must not be perceived as government driven as this could be reminiscent of Soviet-era mentality when the government required citizens to do things in the name of ‘volunteerism’, including spying on neighbours (see Section I(A), bullet point #3 above).

Furthermore, a media strategy could be designed to improve both the intensity and types of engagements with the media. This has the potential to raise the public profiles of CSOs in general and RDAs/NARDA in particular at both national and regional/local levels. Additionally, a strategy to engage young and upcoming journalists could pay high dividends in the long-term. Similar strategies have been attempted in Georgia with positive feedback.

CONCLUDING REMARKS

The concept of governance is rather broad and so too is civil society. When the two are applied as key concepts in one and the same project, the probability for challenges in achieving concrete measurable outcomes can often multiply. This challenge will need to be kept in mind as the project partners take key implementation decisions and steps. From my perspective, this project will have been a success if all it achieves at the end is an increase in *both the demand for, and supply of good governance in Ukraine*.

Canada is known for its values and experiences in fostering model global citizens and promoting good global governance ideas. The RGD project should seek to bring these Canadian values to bear on the strategies for CS engagement in regional and national governance in Ukraine. New walls and barriers must not be created just as we seek to break down old ones. Good governance *is* inclusive, participatory and transparent governance. The CS strategies employed in the RGD Project should be viewed from this angle and guided by the principle of “do no harm”.

¹ CS can be defined as “that part of society located between the state, the private sector and the family or household, where players debate and negotiate matters of common concern and organize to regulate public affairs. It includes: institutionalized groups, local organizations, social movements and networks” (DFID). However, in this report, the term *CS* will be used interchangeably with *NGOs* even though the former is much broader in application, going beyond NGOs. This is because the vast majority of CS players in the current Ukraine context view themselves or may be classified as NGOs.

² I have been reminded many times by my CIS friends and partners that there were thriving CSOs in these countries in the pre-World War II period; it had to take the ideological grip of Communism to choke them off. Also, see Randall J. Davis, *The rebirth of the Nonprofit Sector in Post-Communist Eastern Europe*, 1996

³ World Bank, *Civil Society In Ukraine: An Analytical Report*, 2003, p. 2

⁴ World Bank/Civil Society Institute, *An Analysis of Ukrainian Laws Relating to the Development of the Third Sector*, July 2001

⁵ In this report, the term “State” may be used interchangeable to denote the authority of the people of Ukraine at the national or Oblast levels as exercised by the relevant level of government.

⁶ Counterpart Creative Centre, *Civil Society Organizations in Ukraine – The State and Dynamics 2002-2004*, 2005

⁷ Some of the process indicators have been developed based on principles of participatory decision-making found in *A Call for Participatory Decision Making: Discussion Paper on World Bank-Civil Society Engagement*, Co-authored by Steve Herz and Alnoor Ebrahim, **Commissioned and Presented by the Civil Society Members of World Bank-Civil Society Joint Facilitation Committee (JFC)**, DRAFT for Public Comment, April 14, 2005, p.54-59

⁸ World Bank, *Civil Society in Ukraine*, 2003, p.22

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APPENDIX A - LIST OF MEETINGS AND KEY PARTICIPANTS

Date	Event/Organization/Key Persons
May 23, 2005	Discussions with Ukrainian CS Expert, Evhen Fysko
May 24, 2005	<p>Presentations from NARDA and Member RDAs/Discussions</p> <p>Vasyl Kachevskiy (Volyn), Vitaliy Zeliuk (Poltava), Anatoliy Solovyov (Kharkiv), Anatoliy Rekun (Cherkassy), Even Fysko (NARDA Board), Yuri Tretyak (NARDA Executive Director)</p> <p>Discussions with Anatoliy Tkachuk, Civil Society Institute</p> <p>Discussions with Mr. Volodimir (Acting Head), Institute of Reforms; Oleksandr Oliynyk (Head, arrived at end of meeting) – currently appointed to Ministry of Finance</p>
May 25, 2005	Discussions with Ihor Ilko, AUCC Project Coordinator
May 26, 2005	<p>Meeting/Discussions with Anatoliy Dmytrovych Semenyuk, First Deputy Chair, Kyiv Oblast</p> <p>Meeting/Presentations from three RDAs in Chernihiv Oblast in Chernihiv City.</p>
May 27, 2005	Discussions with Lyubov Palyvoda and Oksana Pavlova, Counterpart Creative Centre
May 28, 2005	<p>Steering Committee of RGD project, Ukrainian House;</p> <p>Brief discussions with Tom Monastyrski, People’s Voice Project</p>