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Ukraine National Initiatives to Enhance Reforms Project

Annual Performance Report

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I Executive Summary

The beginning of Ukraine National Initiatives to Enhance Reforms (UNITER) project's fifth year was marked by the Parliamentary election which created additional opportunity to civil society to advocate on the important issues on agenda. With intensive media campaign and public dialogue with politicians, CHESNO managed to put transparency of the elected parliament high on public agenda. Furthermore, due to Pact's partner Ukrainian Center for Independent Political Research continued advocacy for further reform of enabling environment, the Law on Charity and Charitable Organizations was finally signed and came into effect on January 29, 2013. Pact also facilitated a discussion on the quality of the policy research supply and demand for it from different stakeholders. In March 2013, Pact conducted a conference that presented the 360-degree assessment of the policy research in Ukraine named "Think Tanks in Search of their Voice". Moreover, in close cooperation with ISAR Ednannia, Pact continued to develop governance over Capacity Development Marketplace and gradually transition the platform into local ownership. In addition, five Pact's key partners underwent an international A-133 audit and Non-US organizations Pre-Award Assessment (NUPAS) and were recommended for direct USAID funding. Finally, the UNITER-supported advocacy efforts of Ukrainian Philanthropists Forum (UPF) resulted in an important improvement of the legislative environment for charities, enabling the latter to freely use Internet acquiring services for collecting donations.

The major outputs of FY13 included:

- 479 NGOs were supported in their advocacy efforts. This includes 35 direct UNITER grantees and their partners
- 32 advocacy campaigns were supported, addressing such issues as transparency in public procurement, enhancing citizen participation mechanisms, land reform, creating enabling legal environment for philanthropy and NGOs, and healthcare reform.
- 15 policy changes have been achieved, 9 of them – on the national level.
- 10 positive modifications to enabling legislation for civil society were made. This includes 5 national-level and 5 local-level policy changes.
- 189 NGOs used USG assistance through UNITER to improve their organizational capacity
- 256 Capacity Building Vouchers were redeemed

Pact's methods of intervention to attain its objectives and address civil society needs are based on:

- Facilitation and networking – encouraging issue-based relationships to influence the local constituency's mindset change and assist in changing donor practices.
- Infusing innovative and entrepreneurial approaches in civil society – supporting market-based, entrepreneurial approaches in civil society projects and capacity building to sustain Ukrainian civic courage and NGOs and preparing them for the post-donor environment.
- Reinforcing home-grown leadership in civil society – identifying and matching local needs with local solutions by reaching out to spheres of public life that are not traditionally considered part of the "third sector."

In the last year of UNITER project, Pact placed special emphasis on:

- Addressing the vital challenges in Ukraine's democratic development by supporting national policy advocacy endeavors. Pact assisted campaigns that aimed at ensuring greater transparency and accountability, including such issues as national and local referendum, public procurement, and promotion European integration.
- Ensuring transparency of the parliamentary election by supporting election-related initiatives. Pact helped advance Ukrainian partners' efforts in civic education and mobilization during the parliamentary election period. This included support to the nationwide Civic Movement CHESNO, National Exit Poll, and a number of local projects, reaching out to the voters in small communities.
- Assessing citizens' engagement in, support for and awareness of civil society activities.
- Stimulating demand and facilitating enhanced quality of policy research. Through 360-degree assessment and public discussion with key stakeholders, Pact further supported independent think tanks to achieve the highest standards of research quality.
- Assessing sectoral influence of UNITER in the key sectors where Pact has worked, including foreign policy, enabling environment for civil society, and Crimea.
- Commissioning a formal international Recipient Contracted Audit and Non-US Organization Pre-Award Survey (NUPAS) of 5 key partners, specifically Center UA, ISAR Ednannia, Ukrainian Center for Independent Political Research (UCIPR), Creative Center CCC and Democratic Initiatives Foundation (DIF).
- Strengthening sectoral leadership of the key partners through preparation to international audit and assessment of their sectoral leadership. Pact also supported transition of its flagship initiative of Capacity Building Marketplace to a local partner, namely ISAR Ednannia.
- Introducing a quality verification system for the services provided through Capacity Building Marketplace and assessing the Capacity Building Voucher Program.
- Assessing the financial sustainability of Ukrainian advocacy organizations and their progress in establishing connection to local funding sources

II Ukraine Civil Society 2013: dusk of an era, dawn of an era

Introduction

Beyond the era of embryonic statehood, almost a decade after the landmark Orange Revolution and past the initial shock of the global financial meltdown, Ukraine is swiftly approaching its next decisive political, economic, cultural and geopolitical choice. In November, the country expects to sign a Deep and Comprehensive Free Trade and a political Association Agreement with the European Union, anchoring the country to the European markets and democratic nations.

There is no certainty however that this historical forward-leap would happen as soon as this November. Much left for Ukraine to demonstrate its commitment to European standards and values. The country's record perhaps is worst in the field of transparency. State capture is steadily on the rise. In the list of the Eastern Europe & Central Asia countries, Ukraine occupies the third to last place, followed only by Tajikistan and Uzbekistan on the World Bank's annual Doing Business report.¹ Legal-institutional safeguards against bribery and fraud exist on paper but are not enforced,² and law enforcement and public officials are often the main beneficiaries, rather than the forces against corruption.³ Amid the declining business climate and due to the halted reforms, Ukraine's next IMF stand-by agreement is still in question.

Lack of progress in adopting and observing European standards prompted the EU to delay pursuing the crucial Association Agreement with Ukraine. Domestic and international human rights watchdogs recurrently "sound the alarm"⁴ about the worrying decline of democratic governance.

The pinnacle of Ukraine's democratic backtrack was marked by last year's Parliamentary elections. Domestic and international observers unequivocally expressed dismay about the lack of fairness of the electoral process. It amalgamated a disturbing mix of curbing fundamental rights, including restrictions on media freedom, voter harassment, gerrymandering, vote buying, abuse of administrative resources for campaign purposes, and absence of transparency in vote tabulation.

Yet, Ukraine's reform achievements keep hopes and optimism alive, thanks to a large part to the country's bold, loud and vivacious civil society. Many of the reforms that are praised and hailed to be keeping the country's train on track towards Europe are those of the ones Ukrainian NGOs addressed and advocated for. A more open and accountable Parliament, more freedom of information, more participatory local governance, a clean slate in Constitutionalism, or increased public scrutiny of public finances are virtues of Ukraine's reform drive and results that the country's NGOs can rightfully attribute to their activities.

¹ The World Bank (2012). Doing Business 2013. 10th ed. Washington D.C: IFC/The World Bank.

² The OECD's Sector Competitiveness Report highlights corruption, weak contract enforcement and the lack of implementation of policies as some of the main barriers to investment in the country. OECD (2012): Competitiveness and Private Sector Development: Ukraine 2011. Sector Competitiveness Strategy. OECD Publishing. 3 July, 2012

³ Both Global Integrity and Transparency International places Ukraine at the tail-end of their rankings.

<http://www.globalintegrity.org/report/Ukraine/2011> and <http://www.transparency.org/country#UKR>

⁴ Freedom House (2012): "Sounding the Alarm: Protecting Democracy in Ukraine."

Large national NGO coalitions, such as the New Citizen platform, OPORA or CHESNO are emblematic of the revival of this civic activism impacting national policy reforms. By overseeing the electoral process or monitoring the work of the Rada, their names are inexorably linked to the progress that balances the democratic relapse.

Though these coalitions were unable to circumvent disturbing election irregularities, they worked their way into preventing some of future deficits of the legislative branch. By their pre-election determination, goal-setting and drive for results, they learned how to effectively represent citizens' interest resulting in the revised standing rules of the parliament that now bans disgraceful voting practices of MPs.

Ukraine's NGOs stand as bastions of democracy in the country. They help consolidating democratic gains and strengthening democratic values and play a crucial role in some particular policy development. But just as the path towards liberal democracy, NGOs' progress to represent citizens' interest has a mixed record, is a slow process and is certainly not irreversible. In order to keep the path and pace, it presupposes organizations capable to accomplish their goals, a conducive legal/regulatory framework as well as favorable financial trajectories. Even if the structural circumstances were given, the critical question will remain, and that is whether citizens were capable and ready to take ownership of their own government.

Legal prerequisites of an open society: a glass half full

The past year brought a long-awaited breakthrough legislation governing civil society organizations in Ukraine. The new Law on Public Associations is the overarching framework regulation for the establishment, operation, rights and responsibilities of all forms NGOs in the country. The adoption of law was thanks to the relentless public policy advocacy of a broad-based NGO coalition, which was amplified under the umbrella of the New Citizen platform.

The law fully complies with European standards on legal status of NGOs and protection of the right for association. The new law gives NGOs a right to act for the needs and interest of any group of people or for public interest (not just interests of their members); enables legal entities to establish public associations; provides for simplification of registration procedures for public associations; abolishes territorial statuses for NGOs and excessive government control over operation of NGOs; gives NGOs a right to engage in entrepreneurial activities directly without establishing another legal entity. The law is expected to facilitate establishment of new NGOs, to enable all NGOs to provide their services all over Ukraine, to increase the interest of business in supporting civic activities and to allow NGOs to be more sustainable financially. To date, statistics prove that registration of new organizations has indeed become much more streamlined than before.

However, the new NGO law and another significant legislative reform enacted in 2013, the Law "On Charity and Charitable Organizations", do not mean the end of the struggle for a regulatory framework conducive to a flourishing civil society. Civil and political rights are far from fully ensured in Ukraine. A recent law on national referenda today lays the ground for circumventing the standard political process with the last-resort *vox populari*. Peaceful assemblies are governed by obsolete soviet era decree after a controversial new draft bill on assemblies was tabled in the Rada. The law enforcement routinely applies administrative misdemeanor charges against civic

activists. Homophobia is commonplace in the Ukrainian household. Violence and discrimination against LGBT activists routinely remain unpunished and discrimination based on gender, ethnicity, sexual orientation and gender identity is broadly accepted by the society.⁵

Politicians commonly toy with the idea to control international funding to NGOs. A draft law seeking to criminalize “homosexual propaganda” is on MPs desk. Preparations are underway to organize a national referendum on the country’s path towards either Eastern or Western integration. Black PR against political opponents, journalists and NGOs is rampant in mainstream media.

As the 2015 presidential race comes closer, civil society initiatives that are believed to pose a threat to the political status quo can expect additional intimidation in the months to come. The enacted laws on NGOs and charity do not provide the right tools to prevent such harassments. Out of the rights to free speech, assembly and association, satisfactory protection of the first two will require elevated attention and novel modes of advocacy from NGOs and policy-makers alike.

Civil society capacity: from procedures to performance

Ukrainian NGOs make slow but steady strides towards organizational development. Just like their counterparts in the business sector, they adopt new management methods, improve their internal policies or focus on financial administration. More and more organizations plan for the long term and adopt various institutional strategies, which serve the main guiding tool for the longer term growth and impact. And they more and more willing and capable to undertake these sometimes painstaking internal reforms. They are doing them at their own initiative, demonstrating an entrepreneurial maturity essential for the perseverance of civic enthusiasm and the vibrancy of the overall non-governmental sector.⁶

However, all the structural solutions remain feckless if not coupled with underpinning notion of performance. Just as no high-end hardware functions without the top-performing software, no NGO or civic initiative can succeed without the application of the right tools specific to the cause. Moreover, even the best tools may not be enough if in the hands of someone lacking the essential acumen and deep commitment to the cause.

Critically, the structural solutions employed to improve Ukrainian NGOs do not seem to correlate with increased citizen participation.⁷ Improved capacity of individual organizations do not create genuine network connections between national initiatives and local civil society organizations. National organizations often employ top-down agenda setting, while local NGOs’ often rather focus on their own local existential matters. There are only a few initiatives stemming from the grassroots that make a national level policy impact. The UNITER evidence

⁵ LGBT group’s study highlights that almost 40% of Ukrainians actively support discrimination against this social strata. Active or passive forms of discrimination impact more than one third of LGBT people at the workplace, education, their regular social interactions, and by law enforcement agencies. A. Zinchenkov et al., *One Step Forward, Two Steps Back: The State of LGBT persons in Ukraine in 2010-2011*, Nash Mir, 2011, p. 37, available at: <http://gay.org.ua/publications/report2011-r.pdf> (in Russian).

⁶ 2012 CSO Sustainability Index for Central and Eastern Europe and Eurasia, http://www.usaid.gov/sites/default/files/documents/1863/2012CSOSI_0.pdf

⁷ The Results of The Assessment of The State of Civil Society Development and Citizens’ Participation in Ukraine. http://ccc-tck.org.ua/storage/books/eng_final_report_june_2013.pdf

during the pre-election period of the 2012 parliamentary race suggests that the most effective tools to mobilize citizens were those with face-to-face interaction with citizens combined with the more traditional messaging approaches.

Further, neither local nor national NGOs have yet figured out the best way to systematically reach out to, educate and mobilize citizens.⁸ For example, citizens are indifferent towards corruption. Or worse, in fear from potential reprimand, they rather acquiesce to it because they do not know how to effectively tackle it.

Some NGOs fall in the trap of the so-called isomorphic mimicry whereby they adopt the forms and rules but without the deep understanding their true meaning or genuinely willing to adhere to them. The bright side, however, is that the accomplishments of one organization serves as a model for another. In the competition for resources, some NGOs' success in attaining direct funding from large international donors such as the Swedish International Development Agency or USAID's Forward initiative provide incentive for other groups to advance their organizational capacities.

Moreover, formal trainings and organizational development with the chief aim to satisfy donor requirements are being replaced by market and growth oriented methods stemming from the inherent needs and demand of the organizations. When bestowed with the freedom of choice, NGOs elect the capacity development option best fit to those demands and needs.⁹ As well, peer-to-peer learning and communities of practices are becoming the dominant form of institutional performance. For example, learning from the New Citizens' impact on the public discourse, the horizontal networking and issue-based platform method employed by New Citizen is becoming the prevailing method for groups such as small and medium size business development NGOs or those tackling the country's disappointing corruption record.

Looking into the eye of the tiger: where does the money come from?

Without doubt, solidifying the material foundations of Ukraine's civil society is proving to be the hardest and most sluggish over the years. As the global financial crisis hit the country's macro-economic stability, it extended the path to NGO financial sustainability into the long-distance future.

However, just as in the "real economy," the aftermath of crisis brought new and unorthodox financing solutions in the civil society arena, too. Albeit with meager levels of liquidity, there now appears to be recognition of the need for state financial intervention in supporting NGOs. According to research, reforms in the legal regulatory framework governing state tenders to NGOs is slowly demonstrating an impact: NGOs funding through transparent tenders have grown by approximately 20% compared to previous years.

Importantly for the sustainability of the sector in both financial terms and in terms of direct citizen participation, community level and community oriented civic initiatives are attracting more and more direct individual or corporate support. Crowdfunding as a new tool to generate such sponsorship is becoming a tested fundraising method. Notable however that in the race for

⁸ For example, despite the EUs' warning and NGOs' uproar, Ukraine in 2011 adopted a public procurement legislation that allows continued syphoning of tax-payers Hryvnias into private coffers.

⁹ ISAR Ednannia, NGO Capacity Building Marketplace Customer Satisfaction Survey. 31 July 2013

this type of local philanthropy, NGOs are followers as opposed to trend-setters (with a few optimistic exceptions) vis-à-vis those initiatives that are stemming from other walks of life, including those launched by individual citizens. Ironically, in the arena of fundraising for social causes, NGOs need to demonstrate their competitiveness to other forms of civic initiatives.

Even with increasing state support and the novel forms of local philanthropy, which in the distant future may stabilize NGOs' financial sustainability, a major gap remains essentially entirely unaddressed. That is, organizations active in the policy advocacy arena, watchdogs and independent, non-partisan think tanks continue to have limited financing opportunities. This problem, although not peculiar to Ukraine but rather the rule than the exception in all other post-transition states, exhibits the single most important challenge for the country's NGO activists. It can only be successfully overcome if Ukrainians themselves will want to become the change they wish to see.

Advocating for reforms: place citizens in the foci of devotion

Most observers conclude that Ukraine's civil society arena is more vibrant and active than before.¹⁰ The dawn of the 2010 presidential elections brought about a new emergence of civil society activism, after the emotional cocktail of exhaustion, frustration and resignation resulted by that the "Orange period." Ever since the last Presidential election, Ukrainians experience a new renaissance of civic engagement. From recent results described in later sections of this report emerge some overarching patterns of successful NGO advocacy, achieving both institutional and behavioral change:

- NGOs increasingly recognize the windows of opportunity for constructive and effective direct communication with policy makers on both the local and national levels. A research on the composition of public councils underlines the effectiveness on the local level of this institutionalized form of collaboration. The impact of the CHESNO campaign on the behavior on parties and their individual MPs in the Rada could not have been achieved without CHESNO coalition members' direct and frequent interaction with key party members.
- Ukrainian civil society experiences a revival of issue-based coalitions. Campaigns around tobacco advertisement, protection of cultural heritage or defending free speech have made significant impact on policies in the past years.
- Advocacy is understood broader than just singling out the need for a legal regulatory change. NGOs conduct their advocacy by conducting broad-based campaigns aiming to address the policy-makers and public opinion in parallel. NGOs extensive public campaign about European values and standards is a prime example of this type of advocacy, involving high level policy-makers and – literally – people in the streets.
- Impact can be achieved by not only targeting and involving direct beneficiaries but by engaging larger constituencies. The campaign to protect the rights of patients with infectious diseases manages to address the public at large, elevating their particular cause everyone's concern.

¹⁰ Both - Freedom House Follow-up Report "Sounding the Alarm Round 2: Protecting Democracy in Ukraine" and Institute of Public Affairs report "Making Ukrainian Civil Society Matter" report significant increase in civil society activities.

- The use data for both measuring impact and as a powerful tool of advocacy messaging is making its way into the mainstream. CHESNO built its entire campaign on data-driven advocacy and communication, but other groups such as Transparency International Ukraine or the Anti-Corruption Action Center have even adopted return of investment calculus to their messaging toolbox.

These examples of nation-wide actions attract public attention and, moving forward, the proliferation of these advocacy tools are expected to become the norm. But NGOs face a variety of challenges in their capacity to influence and lead. The rapidly approaching 2015 presidential race poses the threat of partisanship. Organizations aiming at engaging with pre-election non-governmental initiatives will have to build thick and tall firewalls between partisan activities of their members or staff and the goals and activities of the organizations. They will also face the natural but so far downplayed notion of ideological differences amongst them. Liberal and illiberal forces, extreme and centrist groups, pro-Western or pro-Eastern groups can equally be part of the larger civil society sector. Therefore NGO leaders will have to exhibit great commitment to fundamental values and principles, managerial finesse and political skills in order to maintain the integrity of their organization.

Citizens sometimes perceive NGO initiatives as self-serving or catering to particular political interests. While becoming more noticeable, most NGOs are still seldom able to set an agenda for the vast majority of the society. In this political environment and civil society landscape forging intellectual unity among civil society groups to create a strong web of nationwide network is more important than ever.

Unless getting directly involved, the ordinary people lack attachment to national reforms. For example, while there is a whole network of NGOs monitoring the judicial branch, there is no one civic initiative that would activate citizens to help stop judicial corruption. Despite the growing trust¹¹ and recognition¹² of NGOs work, less than 5% of citizens engage in NGO activities and this number does not increase much during the years of independence of Ukraine.¹³

Unfortunately, at present, Ukrainian citizens see little hope for politics to change the course. The majority of them retreat to await a divine intervention, rather than expecting institutions to protect them or taking action by themselves.¹⁴ They theorize about electoral democracy as the most preferred form of governance but consider Ukraine's governance as façade democracy. Civil society organizations and activists remain the islands of hope in pushing back on democratic decline. But the masses, and in particular people that are geographically distanced from the capitol's have little understanding, options and support to take an active part in Kyiv and the main cities vivacious civic life.

In recent months, civil society initiatives outside the traditional NGO setting are getting traction. Either pro-actively targeting government institutions, such is the case of "Copwatchers"¹⁵ monitoring the work of road police, or are reactively expressing their anger at policy decisions as

¹¹ KIIS polling in December 2011 shows that 35% of respondents trust to NGOs

¹² IFES reports that 76% respondents to their representative survey believe in necessity of public organizations.

¹³ http://dif.org.ua/ua/polls/2011-year/chi-zmozhe-gromadjanske-suspilstvo-vplivuti-na-ukrainsku-politiku_.htm

¹⁴ Among the institutions of Ukraine's democracy, by far the most trusted is the Orthodox Church.

¹⁵ <http://copwatch.fri.com.ua/>

was observable in Poltava in mid-September.¹⁶ Citizen initiatives of these sorts seem to entirely fall off the radar of NGOs. In absence of their presence as leaders, mediators or constructive spokespeople, the society runs the risks of unintended explosion at larger scales. Such scorching social disillusionment may turn into uncontrolled events.

Ukrainian NGOs have yet to travel a long journey towards an inclusive and participatory citizenry. They need to hold citizens' hands from the mental status of deliberation through recognition, acceptance and adoption of the cause ("I want to"), through taking an active ("I can" and "It's easy") and self-esteeming ("That was a success!") part in social change. NGOs yet have a gargantuan task of routinely try and stress, and offer enabling experience to citizens so that they reach a level of confidence and satisfaction in both the change itself and being part of that social transformation.



7 Doors Model 2004 © Social Change Media ACN¹

Based on a recent public polling among Ukraine's urban population, which makes up over two-thirds of the country's citizens, we explored the key characteristics and behavior of Ukraine's activism potential. Accordingly, active citizens can be grouped in four categories based on their different levels of actual or potential participatory behavior:

- **Believers:** Are most likely to live in the smaller cities of Southern and Western Ukraine. They are well aware of the activities of the civil society, believe in their usefulness and half of this group is actually engaging in civic activities. Believers have stronger opinion on EU and Russia relations mostly supporting European vector. They are more aware of the referendum legislation and more concerned with the opportunities that it provides for influencing and manipulating the public opinion. They are active users of internet and tend to believe more to the political news that they hear from their friends and families. It is possible to engage the believers through personal communication or internet, engaging them in grassroots networks on the local level. The messages could refer to their personal experience, success stories of their friends and neighbors close to their communities in smaller towns.
- **Activists:** Women are more likely to be those among activists. They are also more likely to leave in Western part of Ukraine and be less wealthy than average Ukrainians. Majority of them are interested in learning more about different types of civic engagement and half of them is donating funding regularly for a different causes. Civil society should identify those activists equip them with the knowledge and make sure they will able to lead and engage

¹⁶ Жители Полтавы штурмом взяли горисполком, протестуя против тарифов ЖКХ (Poltava residents stormed the city hall to protest utility tariffs) <http://podrobnosti.ua/podrobnosti/2013/09/27/932806.html>

“Believers” and “Learners”. One of the developmental challenges for Ukraine is also to ensure that this civic activism will be mainstreamed in other parts of Ukraine.

- **Donors:** As many Donors are actually funding the churches they tend to be represented more by elderly women living in the West of Ukraine. Unlike other three groups they are less educated than average Ukrainian and mostly represent the poorest strata of population. Unfortunately, Donors group is less interesting for civil society as only 17% from this group engages in civic initiatives and interested in learning more. Given the overall characteristics of the group it is less likely that the Donors will contribute money to civic initiatives beyond church.
- **Learners:** They already have a higher level of education comparing to others in Ukraine; they are active users of internet and trust social networks more. Learners tend to live more in Kyiv and less likely to live in the East. They are interested to learn about various civic participation mechanisms that can help them engage in civic activism. Giving a practical tools of the civic engagement to learners will ensure their further engagement as more than half of them already started volunteering for certain activities. This group has the highest potential for engagement and can become an easy win for NGOs that are looking for increasing their support.

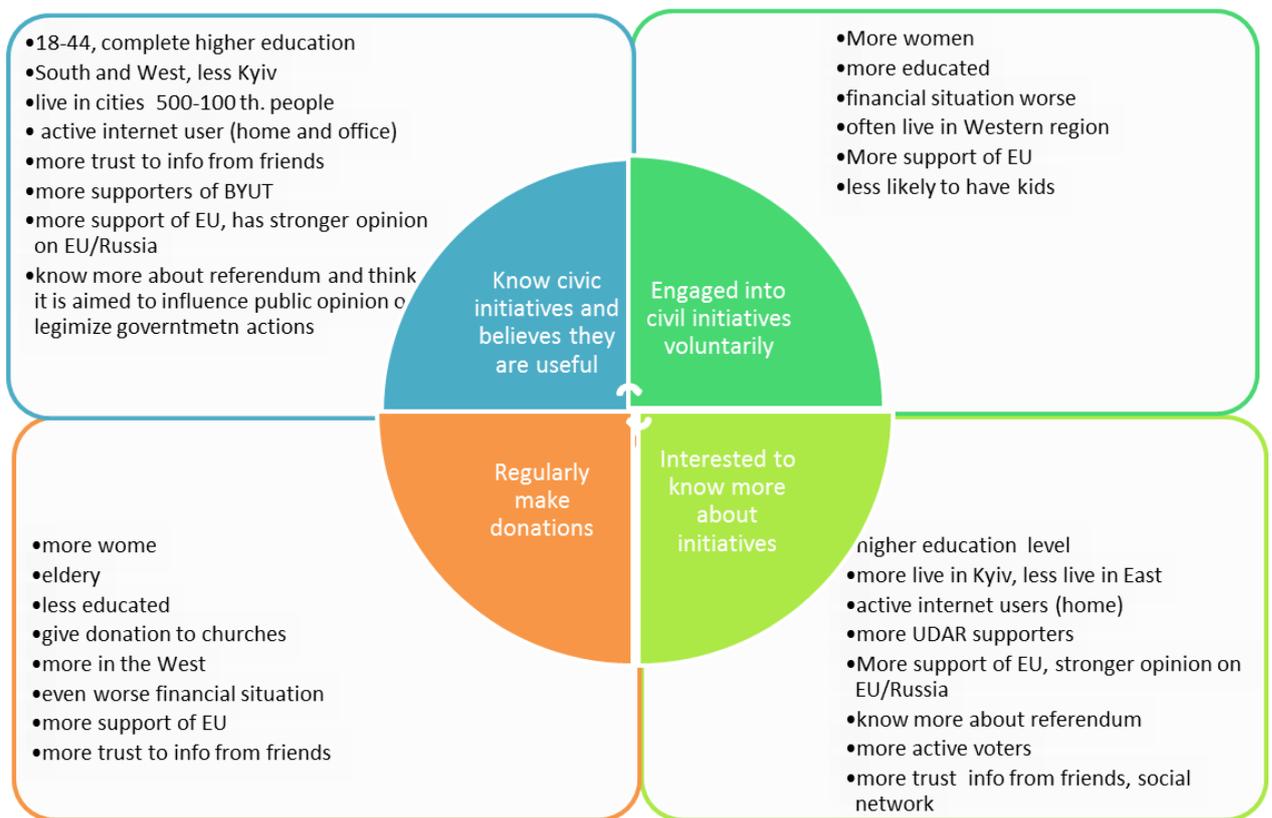


Figure 1: Four categories of currently active or potentially active Ukrainians¹⁷

¹⁷ Here and further the data used from the representative polling commissioned by Pact on civic engagement and participation. The polling was conducted during April 2013 and included 1200 citizens who live in major cities.

Ukraine's civil society is both at the dusk and dawn of an era. Their Orange-era disillusionment is put behind. They play an important role in defending democratic values and advancing the country's European choice. They demonstrate potential growth and development and the legal framework is now more favorable to unleash their true potential. For that, they really should come out to the limelight. They are groups of citizens and, they represent other citizens' interest. Different strata of Ukrainians are interested and committed to their causes at varying degree. The way to approach and engage them is to address their expressed demands. The exceedingly close pre-election period will yet again offer them a window of opportunity for NGOs to take a unified, issue-oriented and, most importantly, citizen-centered approach.

III UNITER major achievements

Increased cooperation between civil society and parliament

In the year of 2013, Ukrainian civil society re-emerged in a more organized and strategically-oriented form. Immense efforts of the civil society organizations and activists laid a strong foundation for legislative reforms, sustainable political dialogue, and yet recently unimaginable partnerships between politicians and civil society.

After the election, Civic Movement CHESNO, one of the most influential civic election campaigns, re-launched its regional network of activists and proceeded to monitor the transparency and accountability of the incumbent parliament. CHESNO has skillfully combined public pressure and media campaigns with dialogue and negotiations with parties and individual deputies, pushing the politicians to publicly report on their activities and assets.

Building on the successful experience of Civic Movement CHESNO, New Citizen platform initiated the launch of Open Civic Platform, a communication platform for the Members of Parliament, civil society activists, and experts, aimed at initiation and lobbying of socially important legislative initiatives. Another UNITER partner, Ukrainian Community Advisory Board (UCAB), was at the forefront of establishment of the national chapter of the *Global Organization of Parliamentarians Against Corruption (GOPAC)*, an international network dedicated to promoting good governance and curtailing corruption.

Think Tanks in Search of Their Voice

Aiming to reinvigorate policy research in Ukraine, Pact initiated a discussion on the quality of supply and the level of demand for policy advice. Jointly with Think Tank Fund and International Renaissance Foundation, Pact commissioned a 360-degree assessment of the field, which included polling and in-depth interviews with the key stakeholders of the think tanks. The feedback provided by the major stakeholders during assessment and a public discussion became a valuable source of information for both policy research institutions and donors for their future programming. The assessment provided the policy institutions with honest feedback, reaffirming UNITER's original intention to create a network of think tanks:

- Overtly focused on raising donor funding to ensure their survival, think tanks rarely think beyond the scope of their projects or act beyond their research presentation.
- Simultaneously, the donors lack the readiness to cooperate and raise the standards of work in the expert community, often retreating to support of survival strategies.
- Furthermore, think tanks should move away from putting the blame on the low demand, enhance their “tanking” role and influence policies through high-quality research and proactive communication.

According to the assessment report, think tanks' unsatisfactory quality of research and insufficient communication are the two major hindrances for influencing policy-making. Rigorous quality standards and peer reviews should be both enforced by think tanks themselves and demanded by donors. Moreover, moving away from a personality-based organizations and developing internal governance system will enable think tanks to better adapt to changing environment and adopt innovation.

Enabling legislative environment for civil society

Together with the International Center for Non-profit Law (ICNL), Pact has assessed the current stance of legislative environment for NGOs, aiming to build informational background for future civil society advocacy strategies. ICNL has acknowledged that a number of laws and decrees introducing improvements to the legislation had been approved since 2009. Specifically, the Laws on Public Associations and Charity and Charitable Organizations ensured a more enabling legal framework for the establishment and the operation of Ukrainian NGOs, harmonizing regulations with European standards and best practices. Also, the new Tax Code has introduced some improvements to the fiscal environment for NGOs. Moreover, the Strategy for Civil Society Development demonstrated a strategic approach towards civil society development and appeared to be a detailed and implementable document, which, at the very least, enables NGOs to more easily advocate for policy changes benefiting civil society. Finally, the Cabinet of Ministers Decrees #1049 and #996 offered NGOs opportunities to access state funding and increased citizens' participation in decision-making through public councils. ICNL also concluded that Pact contributed significantly to the enhancement of legislative environment through supporting the key partners in their advocacy efforts, as well as developing their capacity in networking, communication and advocacy.

For the future, ICNL recommended focusing on ensuring smooth implementation of the approved legislation, specifically raising awareness of the newly adopted policies and developing capacity of governmental officials and NGOs. In addition, further improvements to the legislative framework are required, in particular to the regulations of social services, state procurement, registry of non-profit organizations under Tax Code, volunteering, and freedom of assembly. Finally, there remain a few issues that were not addressed in the newly adopted legislation and are yet to be resolved. This includes the legal status of NGO branches under the Law on Public Associations, participation of charities in the state funding contests under the Decree #1049, and review the provisions of the Decree related to public councils to improve its efficiency and deal with shortcomings of implementation.

In FY13, the law “On Charity and Charitable Organizations” was finally signed by the President. Adopted by the parliament in July 2012, the law was either to be signed or vetoed by the President within 15 days. However, despite civil society's reminders to the Presidential administration, no progress on this issue was made, until, mobilized by civic activists MP Olesya Orobets announced in January that she was going to bring the President to court for neglecting his responsibilities. The finally approved legislation simplified registration procedures for charity organizations, increased transparency of funds management, and introduced new fundraising tools by institutionalizing endowments and charitable servitudes.

Marketplace further development

Following its gradual indigenization approach, Pact continues transitioning the Capacity Building Marketplace to ISAR Ednannia. Pact has helped ISAR to strengthen its capacities in administration and promotion of the Marketplace, bringing together stakeholders and ensuring other donors buy-in. The current funding for the marketplace vouchers pool includes contributions from two non-USG donors and three USAID implementing partners. Moving away from voucher administration only, ISAR is now responsible for overall implementation of the Marketplace including administration of the web-site and promotion of the capacity building culture.

In FY13, ISAR and Pact also made several steps on the way to ensuring the highest quality of the services offered through CD Marketplace. Thus, a system of service quality verification and service provider endorsement was developed and piloted. Moreover, ISAR embarked on an ongoing assessment of the impact of vouchers on organizational development. The results of the first surveys demonstrated that 87% of the users assessed their level of satisfaction at 80% or above, and 39% of the respondents were completely satisfied with the service quality. Furthermore, together with Pact, ISAR also modernized the NGO Marketplace web-portal, introducing new features to stimulate interaction between the users. The portal saw a significant increase in both the number of daily visitors and the number of registered users.

During the reporting period, ISAR focused on further strengthening of the governance system of the Marketplace. The current governance structure of the Marketplace consists of two boards with different functions. Steering Committee is responsible for the approval and review of implementation of strategy for the Marketplace, ensuring its transparency and overseeing the implementation of the quality standards of the services provided on the market. Steering Committee is responsible for setting strategic direction for the further development of Marketplace, and review of management performance and financial performance. The Advisory Board, consisting of capacity development practitioners and service providers, provides an input in the design of new services and setting directions for further development of the Marketplace. The recommendations of the Advisory Board will be presented for final approval to the Steering Committee. Everyday management of the Marketplace is conducted by ISAR, which reports to Steering Committee and consults with the Advisory Board on the issues for further development.

The Capacity Development Forum held in November 2012 contributed to further promotion of the demand driven organizational development culture. Over 400 participants, 230 NGOs, and 56 volunteers joined the Forum to exchange ideas and best practices in capacity development. The Forum focused on presentation of the new products that are going beyond usual fundraising and strategic management trainings and aim to introduce some specific technical knowledge that are missing from the supply side of the market. Unlike most donors who organize NGOs' events, Pact encouraged participants to invest in their capacity by covering their costs associated with participation in the Forum. This tactic ensured that only those participants who are really committed to capacity building attended the forum and got the most out of their participation.

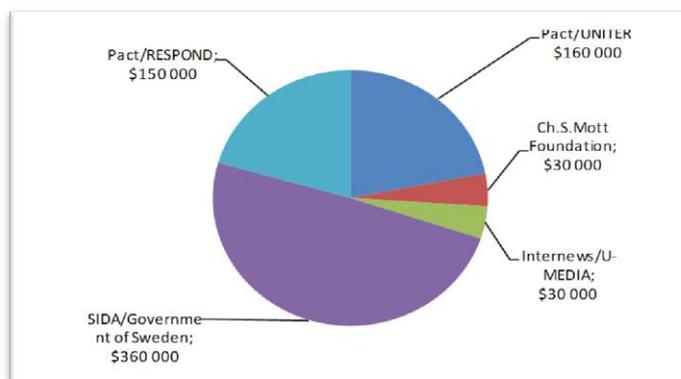


Figure 1: ISAR Ednannia voucher pool budget for FY13-14

Strengthening local capacities

Based on their achievements in the course of the audit readiness program and their sectoral leadership, in close consultation with USAID, Pact chose five key partners for participation in international audits and Non-US Organization Pre-Award Survey (NUPAS). All five partners (Center UA, CCC Creative Center, Ukrainian Center for Independent Political Research

(UCIPR), and Democratic Initiatives Foundations) successfully passed the audit and were generally recommended for direct funding.

While development of the organizational capacities is vital component for managing donor funding and ensuring transparent operation, Pact believes that there is a need to foster holistic set of capacities to succeed in achieving their goals. During the 5 years of UNITER, Pact has facilitated the development of various skills based on needs of each individual partner. To get the snapshot picture of where key partners are on the graduation trajectory, Pact has conducted the assessment of the two critical areas that are not covered by international audit practices. Pact has specifically looked on how organizations are adapting to the changing environment and whether they have capacities to influence it to achieve their organizational missions. The assessment conducted by Pact Director of Capacity Development included a 360-degree assessment through surveying partner’ staff and key stakeholders, and discussion of the results of the survey with the partners.

The assessment concluded that even though most partners score rather high in most areas of capacities, there is room for further improvement. Partners have to be more proactive in engaging with stakeholders within Ukraine and beyond. While some of the partners are more successful in this, there is an overall tendency towards competition rather than collaboration between civil society organizations. As some of the more established organizations over the years developed a Pavlovian reluctance to change, the need for endogenous drive for capacity development has to be emphasized. Some of these organizations, with their long history, can potentially serve a role of consultants in a response to USAID task orders, but will find themselves in a difficult moment for stirring up innovation, advocacy and civic activism. On the contrary, for organizations that are younger and more innovative, direct funding from the donors can present the risk of changing their open and innovative culture. Both USAID and partners will have to learn on how to manage their expectation during the graduation processes. Partners expect high investment from USAID in their capacity development, limited engagement of the agency in their program activities and freedom to negotiate the program design. While the process of the graduation of these partners is not clearly defined, the expectations have to be considered by USAID in the design and communication with the future direct recipients.

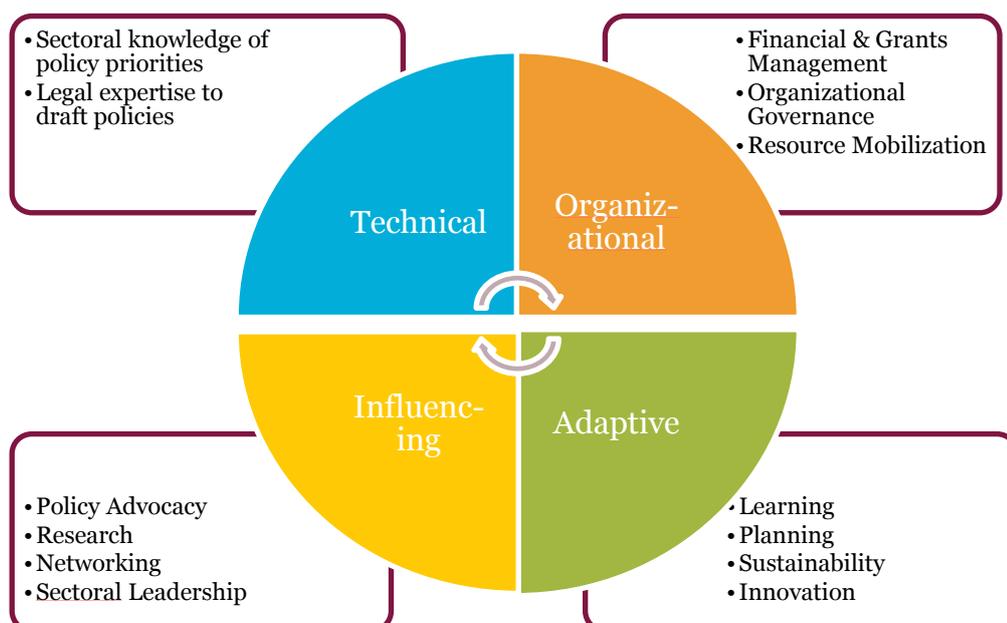


Figure 2: Pact's Holistic Capacity Development

Increasing financial sustainability of NGOs

In FY13, Ukrainian Philanthropists Forum (UPF) achieved an important policy change, improving the environment for charities. The NGO obtained an official clarification from the National Bank of Ukraine regarding charities' ability to collect donations online. Earlier, charitable organizations risked their non-profit status by collecting donations through the Internet due to the legislative gap. Now, even though the legislation has not been amended yet, this official clarification enables charities to gain donations online.

The year was also marked by developments in the area of corporate social responsibility (CSR). Center for CSR Development continued to promote the adoption of the National CSR Strategy. It also conducted a large-scale CSR Marketplace and nationwide Corporate Volunteering Week, which not only allowed to raise awareness of social responsibility of business, but also resulted in several successful partnerships between companies and NGOs.

IV Project Activities

Objective 1: NGOs better represent citizen interests and drive reform through more effective advocacy, monitoring and activism (50%).

Activity 1a: NGOs, individually and collectively, advocate for government accountability at the local level

1. Local Advocacy Grants Program (LAGP) to strengthen national policy advocacy

The main impact of the LGP projects was achieved on the local level in such areas as local government accountability, municipal housing reform, citizen participation, effective citizen input into local development planning, empowerment for disadvantaged groups, and others. LGP grantees initiated 69 advocacy campaigns. As the result, 89 regulatory acts were developed at the local level and 62 of them were approved.

Besides, 29 regulatory acts and public policies were initiated on the national level. These regulatory acts and public policies were developed as part of coalition efforts with the participation of both national level and local level organizations. In addition, 49 positive modifications were initiated on the local and national levels that enabled regulations sought by civil society with 16 actually approved.

Over the course of the project, EEF provided support to local organizations that worked both individually (LGP-1 and LGP-2) and in coalitions (LGP-3). Both of these approaches were successful and have strengths and weaknesses. When local organizations can advocate for local changes individually or can form local level coalition groups, in order to scale up their advocacy efforts they have to work in coalitions to increase effectiveness of national level advocacy campaigns and achieve results.

The most effective linkage between local and national advocacy initiatives were demonstrated in the LGP-3 project focused on the development of the coalition support scheme. This approach resulted in the development of policy recommendations and regulatory documents both on the national and local levels. The effectiveness of linkages depends on the level of professionalism of coalition members and on their mutual interests. Leaders of coalitions were able to engage local members of coalition into the national advocacy initiatives, but also in many cases provided assistance to members in their local advocacy initiatives. At the same time, providing support to coalitions requires specific approaches to prevent conflicts and share responsibility among its members. EEF was able to develop a coalition support scheme that seemed to be efficient during LGP-3.

Besides, some organizations – leaders of the coalitions organized capacity building programs for the members of the coalitions, thus increasing their member's organizational capacity. In the process of the implementation of the LGP projects several NGOs have demonstrated positive dynamics in project management and significant improvement in their lobbying and advocacy capacities, according to the research conducted by Counterpart Creative Center for UNITER: 86.5% of the grantees of LGP-1 and LGP-2 that participated in the survey: in FY12 demonstrated improved advocacy capacity as compared to FY10.

- *Reform on Local Referendum: Citizen Participation in Governance* led by Agency of Legislative Initiatives (ALI). The Agency of Legislative Initiatives led coalition efforts of a national and four local civil society organizations advocating for the new Law on local-

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Ukraine National Initiatives to Enhance Reforms

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level referenda and expanding the role of citizens in local self-governance. The grantee conducted an analysis of existing legislation and legislative initiatives in this area and researched the best international practices. In addition, expert support was provided to coalition members in piloting mini-referenda in the regions to draw attention to the issue among various groups of local-level stakeholders. The policy recommendations to improve the Institute of Local-level Referenda were channeled to the Parliamentary Committee on State Building and Local Self-Governance and discussed during a roundtable in Committee with the participation of 94 Members of Parliament, independent experts and representatives of national and regional civil society organizations. A special issue of the Parliament magazine was published to cover the coalition project. The grantee organized two press-conferences with the participation of 25 representatives of news agencies and media, 15 articles were published in Internet media and two programs aired on radio channels.

As the result of the project, the working group was set at the Parliamentary Committee with the grantee's participation in it. The recommendations developed by the grantee and the coalition of NGOs were officially brought to the review of Committee and now these recommendation has got an official status. It is expected that the recommendations will be included into the final draft of the Law before its approval.

- *Utilities Sector under the Public Control* led by the Association for Self-Organization of Population The goal of the project was to develop and advocate in favor of national and local level regulations to ensure public control of self-organized citizens' bodies over the utilities sector. The grantee led a coalition of national and five local-level NGOs from various regions in Ukraine working together to make the regulations in this area transparent and accountable. The grantee developed a methodology for analyzing existing regulations and researched current national legislation in this field and published a report. In addition, the grantee trained five regional members of the coalition on how to perform a similar analysis on the local level. Based on research, the grantee drafted policy recommendations to ensure self-organized citizens' bodies have mechanisms of control over the utilities sector. The policy recommendations were discussed during roundtables in the regions and during a nationwide conference in Lviv with the participation of 182 representatives of expert community, local and national government representatives and other groups of stakeholders. The grantee published a brochure and CD-disk with policy recommendations. In addition, the grantee launched an information and awareness campaign to inform citizens of project activities and expected changes.

As the result of the project, 21 national level policy recommendations and amendments to legal acts were submitted to the Ministry of Regional Development, Construction and Housing Utilities of Ukraine and other national government offices for its adoption. It is expected that citizens will receive efficient mechanisms of control over the utilities sector as a result of this coalition project after this recommendations are adopted. The local level NGOs initiated 18 local level regulatory documents, and 7 of them were adopted by local governments.

- *Public Monitoring of the Public Health System Reform in Vinnytsia, Dnipropetrovsk, Donetsk oblasts, and in Kyiv* is implemented by the Coalition for People with Intellectual Disabilities. The goal of the coalition project is to monitor how the public health system reform affects people with mental disabilities in four regions of Ukraine. The members of the coalition organizations conduct monitoring of the way the reform affects the target groups in the regions and in Kyiv. Partner organizations have conducted focus groups with parents and other care-givers of the people with intellectual disability, as well as with family doctors and healthcare administrators, in order to identify the potential

problems that can arise in the process of introduction of family medicine. Moreover, Association of Family Doctors of Kyiv City is developing 36-hour course for family doctors, piloted it in the four project regions with the aim of increasing capacity of the family doctors and mitigating some of the risks that the reform poses. Now the course received approval of and is recommended by the Shupyk National Medical Academy of Postgraduate Education. The coalition has also developed and piloted the manual that contains information about the needs of people with mental disabilities and the ways of providing medical services for these patients. The manual is now recommended for family doctors by the Central methodological department on the medical education of the Ministry of Healthcare of Ukraine. The monitoring instruments and procedures developed within the projects will be used in other regions during reform expansion to other regions in 2014.

2. Local Advocacy Grants Program (LAGP) to support local initiatives during Parliamentary elections 2012

In the spring of 2012, Pact along with its partner EEF, launched a call for applications in order to support local civic initiatives during Parliamentary Elections in Ukraine. Seventeen projects received awards and are currently administered by EEF. The projects unrolled in September 2012 and are aimed to promote transparent and fair parliamentary elections in 2012.

EEF provided 16 grants to support local initiatives aimed at ensuring free and fair elections, reach vulnerable groups of population with election-related information, support monitoring activities of the non-government organizations and guarantee the transparency of the electoral processes. Eight out of 17 grants were awarded to CHESNO regional coordination platforms.

Election related projects effectively used both traditional and innovative approaches for mobilization of citizens. Traditional tools included development and distribution of information materials, provision of trainings on election related topics, establishment of local coalitions and networks. Some organizations demonstrated innovative approaches in mobilizing voters or delivering their messages. For example, Zakarpattia NGO used folk festivities “vechernytsi” to combine discussion of election-related issues with traditional folk songs and dances and this was important in multi-cultural areas. Lviv regional coordination committee of CHESNO campaign installed the allegorical sculpture in the city of Lviv to draw attention of citizens to CHESNO campaign principles. In most cases the most effective tools to mobilize citizens were those with face-to-face interaction in combination with traditional approaches to deliver messages through printed information materials and so on.

As the result of the election-related projects, 7 local coalitions were formed. To reach citizens with local specific information 89 own informational materials were produced. 4889 representatives of various groups of stakeholders (non-government organizations, media, and activists) participated in different project events, and 1548 were trained in activities aimed at ensuring free and fair elections. Local grantees engaged 18 non-government organizations into their project activities. The projects received significant coverage in local media, including 79 articles in printed media and 1085 in Internet, 120 programs on local TV Channels and 22 programs on radio.

Among the most successful projects we would like to point out the following grants:

- Charitable Foundation "Center for Civic initiatives". -One of non-standard approach was "Election Vechornytsi" ("vechornytsi" being a traditional Ukrainian folk festivity). 31 such festivities have been conducted in the villages of five regions of Zakarpattya oblast within the project. "Vechronytsi" combined discussion on election-related issues and information session for voters with traditional folk songs and dances.
- Storozhynets city youth organization "Youth Initiatives of Storozhynets". - The grantee faced an arrest of a volunteer for the distribution of information materials. The arrest astonished the leaders of CHESNO movement in Chernivtsi oblast. It looked like an attempt to frighten the activists before the elections. But the network of the activists, built-up within the project, appeared to be very effective and the volunteer was released. A public pressure to the law-enforcement authorities and rapid dissemination of information provoked new wave of interest to CHESNO movement from mass-media and citizens.
- Vinnytsia city organization of unprotected youth categories' social development "Parostok". - The grantee organized five legal training sessions for 119 people with various disabilities, audited 50 polling stations in Vinnytsya on the issue of accessibility for people with special needs. The project contributed to capacity building of 100 members of polling station election commissions. The grantee provided them with information regarding specifics of communication with people with different disabilities. Organization also assisted 51 people with special needs with transportation to the polling station on the Election Day.

At the same time, few election related grants were implemented with significant challenges:

- Luhansk Regional Organization "Public Platform". – The grantee was a regional representative of CHESNO campaign, but few days before elections was excluded from the members by CHESNO national headquarters due to corruption charges. After that, the grantee submitted a report but the report didn't contain the necessary information and supporting documents. After EEF's sent follow-up request to provide additional information, the grantee did not answer the request, and did not respond to phone calls and formal letters. EEF will continue its efforts to reach the grantee's management in order to get reports, but cannot guarantee that all necessary narrative and financial information will be received and verified.
- Western-Ukrainian Agency of Regional Development, NGO – The grantee was a regional representative of CHESNO campaign, but as an organization did not have previous experience of grant management. The organizational capacity was weak as well, as the leader of the organization made his first steps in the non-government sector. After the elections were over, the organization did not secure additional resources to continue its activities, so its leader left the campaign and went to work elsewhere without closing all grant-related commitments. The grantee occasionally sent to EEF requested documents based on director's availability in his hometown, but few documents were missed. The situation worsened after a tragic event in the project director's family. So EEF stopped its efforts to collect few minor grant-related documents confirming that all activities were accomplished according to grant agreement.

Activity 1b: Establish the Ukrainian Reform Forum as an on-going mechanism to support continued reform and civic engagement efforts.

In July, Centre UA and the New Citizen coalition have facilitated establishment of the Open Civic Platform, a civic-parliamentary communication platform aimed at initiation and lobbying of socially important legislative initiatives. The Platform promotes cooperation between the Members of Parliament, civil society activists, and experts in order to create together a new quality of politics in Ukraine where legislators' decisions are first and foremost represent the will of the society.

Since February 2013, the founding members of the initiative, initially titled "Agenda for the Parliament", conducted several strategic meetings to compile a list of legislative drafts, prioritize them, and assign responsibilities. Later, a number of MPs participating in the platform have registered a cross-faction union in the parliament with the identical name to advance the agenda promoted by New Citizen activists. Representatives of all parliamentarian factions, except for the Communist Party, are members of the Platform.

The Platform participants are responsible for preparation of legislative drafts, legislative expertise, and development of appropriate legislative changes, arrangement of civic and media support, and lobbying of legislative initiatives. The current "Agenda for the Parliament", which the Platform is advocating for, includes:

1. [Bill #0947](#), which envisions amendments to 4 codes and 53 laws of Ukraine in order to harmonize them with the law "On Access to Public Information" and the updated law "On Information".
2. Bill #1076 on Public Broadcasting
3. Bill #2600 on reforming printed media
4. Bill 2207 changes in public procurement (AntAC UCAB one)
5. [Bill #2012a "On Transparency of Use of Public Funds"](#)

So far, the Platform has addressed the parliament, urging the latter to approve important media legislation and to review the bill #0947.

For more details about the Open Civic Platform, please, [follow the link](#).

1. 360-degree assessment of demand and supply for policy analysis:

In FY13, Pact, jointly with the International Renaissance Foundation (IRF) and the Open Society Think Tank Fund (TTF), commissioned an assessment of policy relevant research in Ukraine.

The [assessment report](#) and [the results of the polling](#), conducted by Kyiv International Institute of Sociology (KIIS), were [presented](#) and discussed during the conference "[Assessment of Policy-Relevant Research in Ukraine](#)", which took place in Kyiv on March 26 – 27, 2013. More than 130 representatives of civil society, government and donor community joined the discussion and shared their vision on the needs of the policy research.



Figure 3: Trust in materials produced by different stakeholders

The authors of the assessment concluded that Ukrainian policy supply field should develop their professional capabilities more intensively, target multiple actors (not only decision-makers, but also civil society, business, media etc.), and be ready to engage into advocacy. It was recommended that donors should provide capacity building and institutional assistance, rather than programmatic support (see full report in Annex 7).

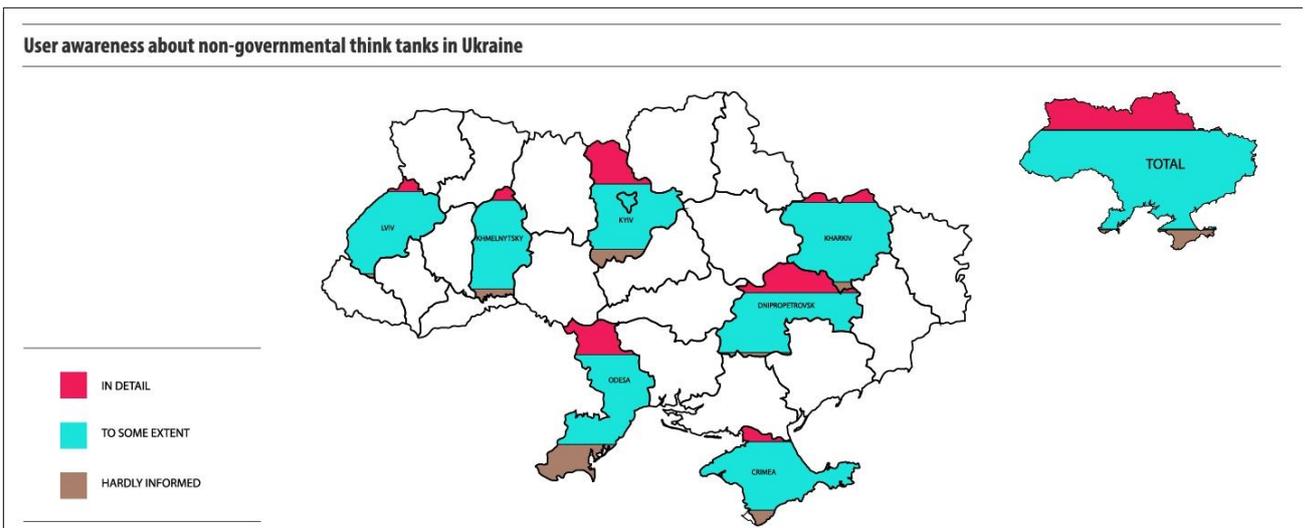


Figure 4: Awareness of the stakeholders about think tanks by different oblast in Ukraine

The conference was followed by a day-long series of workshops, which addressed Ukrainian policy institutions' demand for training on core competencies in policy research and think tank management, such as research quality, financial viability and sustainability, communication strategies, internal governance, management and development.

2. Ensuring leadership of the thought leaders in the reform process

To familiarize Ukrainian think tanks with the best European practices and methodologies in producing reports that impact highest-level policy debates and drive policy agenda, Pact joined its efforts European Stability Initiative (ESI) to convene Capacity Building Initiative to Strengthen Young Analysts' Research Methodologies. The initiative aimed not only to engage

participants in a workshop, but also to provide long-term support and involve them in collaborative research and joint development of the research agenda.

In January 2013, Pact and ESI organized a four-day workshop that helped to increase participants' capacity for empirical research, policy analysis and advocacy. The event involved 20 young analysts from Ukraine (Kyiv and other regions) and Belarus representing well-known Ukrainian think-tanks. The participants developed their skills in and knowledge of new research methods, as well as research report and policy paper writing. ESI's facilitators also presented case studies from ESI experience to illustrate the full cycle of think tank work, from research through drafting a policy paper to advocacy of the results of the research. Based on skills received during the workshop participants will focus their research on specific issues that are critical for Ukraine's development.

After the workshop, Leonid Litra from Institute of World Policy (IWP) used the gained knowledge to drafting the policy brief "[Ukraine's contribution to regional security: The case of Transnistrian Conflict](#)". Another workshop participant, Illya Yeremenko from EcoClub NGO, prepared [recommendations](#) for his fellow researchers and shared them on an analytical web-portal.¹⁸

Activity 1c: Support and enhance national NGO policy reform efforts.

1. Support thematic (sectoral) networks and leading policy change organizations

Fundamental rights and freedoms:

Access to Public Information

The New Citizen Coalition has fired up the Ukrainians with the documentary collection "Open Access" that consists of 5 short movies showing how regular citizens apply the Law on Access to Public Information. In the meantime, the coalition is working to promote draft law 0947 which will harmonize four codes and 53 laws with the law "On Access to Public Information" and the updated law "On Information"..



The amendments to the draft law 0947 suggested by the coalition were endorsed by the Verkhovna Rada Committee for Freedom of Speech. It was anticipated that this support would give more guaranties for the amendment to be adopted, however, even after an extensive media and advocacy campaign conducted by the coalition, Verkhovna Rada failed to pass the draft in July. New Citizen and Open Civic Platform continue to advocate for the adoption of the law. On September 24, Mykola Tomenko, the Chairman of the Freedom of Speech and Mass Media

¹⁸ <http://4vlada.com/blogs/1023/21023>

Committee, informed that the Parliament was determined to “expand the area of access to public information, rather than restrict it”¹⁹.

Coalition on National Referendum:

On November 6, 2012, the Verkhovna Rada of Ukraine adopted the Law “On National Referendum”. The idea of the law is based on the Soviet notion of a referendum as the highest form of democracy, which goes in contrast to the approach recommended by the Council of Europe, which envisions the unity of different forms of people’s sovereignty. The law contains internal conceptual flaws, creates legal uncertainty and provides vast room for manipulation at each stage of the referendum. Many provisions of the law contradict the Constitution of Ukraine and do not meet the standards recommended by the Council of Europe. Civic experts argue that implementation of the law will not allow determine the will of people, but on the contrary, can put it under the control of the referendum organizers and lead to social conflicts and political crisis.

It was and still remains critically important to prevent conducting a referendum under the current law. Hence, the coalition for Fair Referendum rolled out a double-fold media campaign directed at journalists and international community on one side and to wider masses of the population on the other side. Driven by Center UA, the media campaign delivered professionally analyzed information on the threats posed by the Law and involved in the process diplomats and representatives of international organizations negotiating with Ukraine the process of signing the EU-Ukraine Association Agreement.

National and regional journalists became messengers delivering information on the Law to the population and communicating threats of it. Multiple round tables, press briefings, TV and radio talk shows, articles, and blogs were backed with a very straightforward video message-cartoon that travelled together with the coalition members all across the country for screening and discussion.

Transparency/accountability:

A partnership similar to Open Civic Platform was established in the anti-corruption sector. This partnership, driven by Anticorruption Action Center (AntAC) and Ukrainian Community Advisory Board (UCAB), represents a branch of *Global Organization of Parliamentarians Against Corruption (GOPAC)*, which is dedicated to good governance and combating corruption throughout the world. GOPAC Ukraine’s preliminary focus is on two key issues: parliamentary oversight and anti-money laundering.

Within parliamentary oversight, GOPAC members would like to strengthen and replicate experience of already successful cooperation formula between certain MPs and NGO AntAC when AntAC lawyers work with cases on public procurement law violations detected and published by investigative journalists, prepare legal drafts of request to be submitted by MPs. In such a way within 1.5 years of cooperation between 3 MPs and 1 civil society organization more than 250 MPs requests sent to various law enforcement and controlling agencies as follow-up activity on facts of corruption in public procurement revealed by journalists. More than 1 billion UAH of public funds was saved thanks of such cooperation of MPs and civil society.²⁰ AntAC

¹⁹ <http://www.telekritika.ua/pravo/2013-09-24/86103>

²⁰ <http://antac.org.ua/case-filter/>

tracks all the attempts of corruption in tenders and their actions to prevent it²¹. As of the date of the submission of the report, the NGOs were trying to prevent the embezzlement of over 1,62 billion UAH.

In FY13, UNITER supported capacity development of *Creative Union TORO* to assist it in the process of transformation into which [Transparency International-Ukraine](#). The transformation was finalized in June 2013. Thanks to the cooperation with Pact, TI-Ukraine changed the structure of the organization and registered new Statute, hired new experts (advocacy, anti-corruption and communication), conducted two internships (Russia, Georgia), became member of ACC and EBA, updated their [web-site](#), launched “[TI in Action](#)” digest and drafted numerous of analytical articles (Kiyvpost, UkrPravda, Komersant, Korrespondent, Lawyer and Law etc.) on anticorruption topic.



In June a new advocacy campaign [Declarations without decorations](#) was launched (National monitoring of Ukrainian high officials’ asset declarations in correspondence with their real way of life, and further advocacy of civil society’s variant of conflict of interests legislation). To promote widely their activities and products NGO tries to use different visualization instruments. In particular, it prepared two informational videos on [monitoring of state anti-corruption program](#) and [Open Government Partnership Initiative](#).

So far, TI-Ukraine has finished preparation of the new information and mobilization campaign “Corruptionists are Prostitutes”. The aim of the campaign is to form the stable negative attitude to corruption and to mobilize active youth to participate in anticorruption campaigns.. To prepare analytical background for the campaign, TI-Ukraine team [analyzed](#) of the Ministry of Justice draft amendments to of legal regulations on corruption prevention and counteraction. TI-Ukraine promoted their advocacy results on [ACC Anticorruption work group meeting](#) and during the discussion with PWC which developing anticorruption working plan for Ukraine.

Public Procurement:

²¹ <http://antac.org.ua/korupsiya-v-tenderah/kradut-zaraz/>

The past political season was flavored by the EU influence on reforming Ukrainian governance system. The two anti-corruption draft laws, supported by Pact, supposed to close loopholes in public procurement legislation and increase open governance standards in Ukraine.

Draft Law #2012a

In the framework of the New Citizen platform, Center for Political Studies and Analysis (CPSA) led the campaign to enhance transparency of public procurement. The campaign aimed included development and advocacy of the Draft Law #2012a “On Transparency of the Use of Public Funds”.

The draft law will oblige administrators and recipients of national- and local-level state funds, enterprises, state insurance institutions, and Pension Fund to disclose information about planned and actual public expenditures. Specifically, it will require the disclosure of annual procurement strategy, full information about the recipients of state funds, contracts, and information on performance under contracts updated on a monthly basis. This information will be available on a specially created government web-portal with open access to any Ukrainian citizen. It is anticipated that the website will unveil the entire network structure of public procurement and flows of public taxes.

After a series of negotiations and discussions with MPs the law was registered as draft #2012a by representatives of four political factions, namely Batkivshchyna, UDAR, CPU, and Svoboda. After the public presentation of the bill, the draft Law on Transparency of the Use of Public Funds was included in the Local Democracy System Development Plan within the framework of cooperation between the Coordinating Council for Civil Society Development and the Verkhovna Rada Committee for State Building and Local Governance. On September 18, the Freedom of Speech and Mass Media Committee recommended to pass the bill 2012a in the first reading. CPSA continues to advance the bill. Recently, it has released a [video promoting the law](#).

Draft Law #2207

In July 2012, the parliament adopted changes to the law on public procurement, which exempted all state-owned corporations from requirement to follow tender procedures. This has hidden 250 billion UAH of state budget behind closed doors. UCAB, in close partnership with Anticorruption Action Center (AntAC) and key investigative journalists, developed the [bill #2207](#), which requires all state-owned corporations to publish what they purchase, in what quantities, and its price. Recently, AntAC produced [a video](#) to support the bill. Already two days after it was uploaded to YouTube, the video was viewed over 1,500 times. To advocate for this law, AntAC and UCAB launched a large-scale media campaign to mobilize strong international and national support. Over 130 journalists signed a petition demanding to adopt the draft law and backed the campaign with analytical and investigative materials on corruption in public procurement. Thanks to the successful media campaign, the bill became recognizable to the local politicians, e.g. Inna Bogoslovska from the ruling Party of Regions [publicly expressed support](#) for the bill on one of the TV talk shows. MP Lukyanov from the Party of Regions also gave positive feedback on the draft law and expressed his readiness to support the bill in an interview for «Day» newspaper. Additionally, the draft won support of the Ministry of Economy and Ministry of Interior Affairs, after Security Service of Ukraine expressed their concern about the scale of corruption in public procurement. The Security Service urged the Prime Minister Azarov to introduce changes to public procurement and specifically noted that the bill# 2207 would fix the situation. Verkhovna Rada is expected to vote on the draft in the fall 2013.

Monitoring procurement in healthcare sector

Ukrainian Community Advisory Board (UCAB), with its strong allies AntAC on one hand and patients on the other, keep advocating for transparency in public funds allocation for treatment. UCAB managed to include representatives of patients' community in tender committees, which enabled it to keep track of all procurement. In particular, UCAB revealed that prices that the Ministry of Healthcare paid for medications were 1.5 times higher than the ones of the All-Ukrainian Network of PLWH or Global Fund or Medicines Sans Frontieres or Clinton Foundation. UCAB's strong media and public pressure campaigns on the national level, as well as driven from the regions, resulted in continuous price decrease: this year, the Ministry's overspending is 1.5 million. USD as compared to the last year's 5 million USD.²² In addition, recently UCAB also prevented an attempt to conduct corrupted tender: after it drew public attention to the fact that Ministry of Health only authorized one medicine manufacturer to participate in a tender, the Ministry reacted ensuring conditions for fair competition.²³ AntAC also continues negotiation with international institutions, such as the US Embassy, the EU Delegation, and World Bank in Ukraine, explaining to them the need of a public statement in support of the draft.

UCAB also succeeded in advocating the State Program on combating Hepatitis. On September 4, for the first time in the history of Ukraine, the Cabinet of Ministers approved the Program, allocating approximately 3,000,000 Euro for treatment of people with hepatitis in the next year. The achievement became largely possible due to the public action "[The Condemned](#)", organized by UCAB in April. As a result of this activity, the Prime Minister instructed high-level officials to include in the state budget the costs for procurement of medicines and medical devices for treatment of HIV/AIDS and tuberculosis, and to submit for the consideration of the government a state program for treatment and diagnosis of viral hepatitis. Already on the same day, [CMU announced](#) that the government will allocate in the budget additional 250 million UAH (over 30 million USD) for treatment of HIV/AIDS. Thus, the government will further allocate about 180 million for HIV/AIDS treatment, 60 million for laboratory support for patients receiving antiretroviral therapy, and over 15 million for purchase of electronic metering points for substitution therapy. Additionally, 30 million UAH will be channeled to purchase TB equipment, and about 49 million will be used to create departments for treatment of TB patients who are in detention facilities.

Recently, UCAB also helped reduce by half the cost of treatment of Hepatitis C in Ukraine. On September 16, NGOs and patients led UCAB, the Ministry of Health and pharmaceutical companies ROCHE and MSD, and manufacturers of drugs for hepatitis C in Ukraine reached the agreement about 50% price reduction for Hepatitis C treatment.²⁴ UCAB, together with the NGOs AntAC and All-Ukrainian Network for PLWH, prepared an analytical note, Policy Brief about Corruption in Public Procurement of Medicines in 2012-2013, containing the proofs of the Ministry of Healthcare inflating prices for antiretroviral drugs. The organizations presented this policy note at the Parliamentary Committee for Economic Policy and the Temporary Commission of Inquiry what obligated the Commission, As a result, the latter submitted the findings to the relevant regulatory and law enforcement agencies.

²² <http://nashigroshi.org/2012/07/27/vybir-bohatyrovoji-vbyty-ne-mozhna-vkrasty/>

²³ <http://ucab.org.ua/en/node/311>

²⁴ <http://www.ucab.org.ua/en/node/298>

UCAB is an excellent communicator that makes their advocacy initiatives visible to a wide circle of stakeholders not only in Ukrainian, but also international ones. UCAB brings the issue of corruption in healthcare over to the international audience through foreign media. BBC, Reuters, Euronews are the regular ‘witnesses’ of UCAB’s public statements and activities. A photo taken during the action *Condemned*, to ensure steady funding of HIV and TB treatment, became the photo of the week in the [TIME magazine](#).



Land reform:



Association of Farmers and Private Landowners of Ukraine (AFPLU) during their project implementation actively advocated for the prolongation of the moratorium on land sale and NGOs’ involvement in decision-making process related to this important issue. AFPLU conducted more than 80 meetings with the heads of farm enterprises of Rivne, Poltava, Lviv, Cherkasy, Kharkiv, [Ivano-Frankivsk](#) oblast and other regions, where the Association members delivered more than 10 public speeches addressing state

officials and representatives of the Verkhovna Rada of Ukraine and governmental institutions; and also organized discussions about the necessity of moratorium extension. As a result Verkhovna Rada of Ukraine has [extended the moratorium](#) on sale of agricultural land until January 1, 2016. A total of 269 MPs have voted in favor of the bill on amendments to the Land Code of Ukraine concerning the turnover of agricultural land.

AFPLU has also sent numerous [appeals](#) to the government and the Verkhovna Rada of Ukraine, requesting to amend the state budget for 2013 to allocate financial support for development of small and medium agricultural producers and infrastructure; to change the concept of the agrarian reform; to amend the article of the Land Code regulating free transfer of land plots, etc.

Along with the extensive informational and advocacy campaign, the Association has provided information support to its members. APFLU distributed around 5,500 copies of two manuals “Actual information about land reform and protection of land’s rights” and 3,000 copies of the manual “Actual information on right of possession of land. Legal aspects of the next stage of the land reform”.



AFPLU launched and maintained a “hotline” to provide phone consultations to farmers and if necessary, appoint individual consultations with the project lawyer to provide secondary legal services. AFPLU received around 1,000 phone appeals during project implementation. Also, the Association has published advice on the most urgent issues raised through the “hotline” in the thematic supplement “Jurist” to the newspaper [“Farmer of Ukraine”](#) (top 40 questions were covered in 29 publications), as well as [online](#). AFPLU publishes the e-newsletter [“Digest of](#)

[Agrarian News](#)”, which covers the latest news and spreads the messages of the Association among regional branches of AFPLU (16 issues).

In addition, AFPLU participated in several exhibitions “AGRO – 2012”, “Farmer of Ukraine – 2012”, where it conducted roundtables explaining the perspectives and consequences of the land reform in Ukraine.

Finally, as a result of capacity building consultations with Pact, AFPLU optimized the personnel structure of Kyiv’s office: it hired an additional lawyer and created a press-center, which helped raise the Association’s visibility in [media](#). AFPLU began monitoring its presence in media in May 2013 and published the results on its website²⁵. Due to active work of the press center, AFPLU representatives made nine comments in media in September, as compared to five in July and two in June.

Institute for Economic Research and Policy Consulting (IER) finished implementation of the two-year [Land Reform Barometer Project](#). During this period in total, 664 land owners and 62 farmers have been surveyed in 18 districts in two oblasts (Dnipropetrovska and Khmelnytska) and in the Autonomous Republic of Crimea. Three [reports](#) on the results of the opinion polls were produced and uploaded on the project webpage. Results were discussed with stakeholders and other interested parties in [Khmelnysky](#), [Dnipropetrovsk](#), [Simferopol](#) and [Kyiv](#). To reach wider audience, IER has published [Land Reform Barometer Newsletter](#) (21 issues) issues were prepared and distributed in the amount of more than 21,500 copies through IER, CPLR, UAPP, and Pact distribution lists during August 2012 – June 2013. Project was covered by [different media](#). Seven issues were reprinted through specialized media and 15 original publications in 50 local/regional magazines and journals were issued during the time-life of the project.

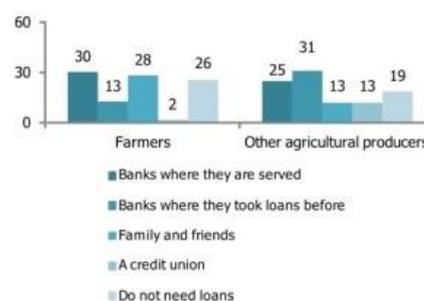


Figure 5: Sources of credit for agricultural producers

The project increased public awareness of their rights and removed information asymmetry in the field. As a result of the project, landowners in the pilot regions admitted that they became better informed about their land rights, especially in Khmelnytsky (25% increase) and Dnipropetrovsk (9% increase) oblast. However, the impact of the activities and the research on policy-making is yet difficult to determine. While the project is expected to demonstrate the government civil society’s vigilance in the area of land reform and thus stimulate more accountable decisions, no evidence of such influence has become available so far.

As a result of UNITER support, IER established continuous cooperation with the USAID-funded AgroInvest project. Introduced to each other by Pact, IER and AgroInvest later co-organized four regional discussions. Moreover, IER experts were invited to present the results of its UNITER-supported Land Reform Barometer project at AgroInvest events.

Foreign policy:

²⁵ <http://www.farmer.co.ua/news/?id=&searchfor=42>

Along with the general assessment of think tanks, Pact commissioned an assessment of foreign policy NGOs in Ukraine. The researchers concluded that, taking into account the nature of policymaking and system of governance in Ukraine, policy influence could be best achieved by shaping public opinion vs. consulting and providing expert assistance to government officials and foreign embassies. Educating citizens to be capable of formulating their opinions and judging the government course of action is just as important function of independent analytical centers as research and policy influence.

The assessment has also shown that real influence of Ukrainian civil society on policy-making is limited. Externally, the influence is complicated due to general anti-Western sentiment of top Ukrainian leadership. NGO impact is also weak due to a narrow circle of decision-making in Ukraine and faking public consultations by the state agencies. Internal factors limiting influence are related to NGOs' capacity and lack of a collaborative mindset. Major limitations relevant to most groups include transparency, weak buy-in from stakeholders, lack of political relevance of the intellectual products generated by analytical centers, and poor citizen mobilization skills.

Finally, according to the researcher, Pact's key role in the foreign policy sector is institution and capacity building assistance, start-up support to new players (such as Institute of World Policy (IWP) and Civic Expert Council (GER)), and consolidation of various experts working on foreign policy in various joint-task forces. The assessors acknowledged that Pact work contributed to pioneering new analytical concepts (i.e. "soft power") and conducting sectoral analysis of EU policies, as well as promoted new forms of research products, such as policy briefs, and improved data visualization (see full report in Annex 6).

Institute of World Policy (IWP) developed several advocacy products which aimed to promote EU-Ukraine relations and signing the EU-Ukraine Association Agreement (AA). IWP published an [appeal](#) to the EU leaders, which has been signed by 50 NGOs and supported by several members of European Parliament (MEP Boguslaw Sonik, MEP Pawel Kowal).



Also, IWP organized an [exhibition in the European Parliament](#), where it presented its advocacy products developed under its current and previous UNITER-supported projects. The exhibition, was widely attended by Members of European Parliament (e.g. Charles Tannock, Indrek Tarand, Kristiina Ojuland, Vilja Savisaar-Toomast, Tunne Kelam, Pawel Robert Kowal, and Jan Kozlowski). Moreover, MEP Mrs Siiri Oviir, who has co-organized the event, expressed her willingness to support the efforts of Ukrainian civil society in the terrain of the European integration of Ukraine. Ukrainian Ministry of Foreign Affairs (MFA) and Kostiantin Yelisieiev, the Head of Ukrainian Mission to the European Union, also attended the event, which was later highlighted on [MFA web-site](#). The Euronews reporter Natalia Richardson informed IWP that the [news](#) about the event was the most visited during the week.



Moreover, the IWP received a [letter of support from Martin Schulz](#), the President of the European Parliament. In the letter, Mr. Schulz welcomed the efforts of the Institute and the Ukrainian civil society in promoting Ukraine’s European choice and their eagerness to play an active role in implementing the Association Agreement.

Furthermore IWP launched the advocacy and [visualization campaign](#) “There is a better side of Europe”, under which it placed city lights on the central streets of Kyiv. [Four layouts](#) were designed to demonstrate the advantages of integration of Ukraine into the EU. The city lights serve as a reminder for Ukrainian politicians of the kind of a state they need to build. It is also supposed to remind Ukrainian citizens of what kind of country they should demand from their government. Jointly with visualization IWP has sent “Vilnius Calendar” with the letter to governmental institutions and received replies from [National Security and Defense Council of Ukraine](#), [MFA](#) and CMU.



In May, IWP with MFA and UNITER organized high-level conference [Ukraine-EU: on the path towards the common future](#). More than 100 analysts, politicians, diplomats have attended the event (Jan Tombinski, Andriy Olefirov, Libor Roucek, Valeriy Chaly , Volodymyr Ogryzko etc.). It was [covered](#) by major and most influential mass [media](#) in Ukraine. The audience has gotten the chance to hear the information from the people who are making decision in the country.



As a continuation of the [campaign](#) IWP produced and disseminated over 1,000 copies of [brochure](#) (comparatively showing differences in EU and UA realities) during “Street Eurouniversities” in 4 cities ([Kyiv](#), [Odesa](#), [Dnipropetrovs’k](#), [Vinnytsia](#)) and engaged as lectures prominent EU representatives (Jan Tombinski, Alain Remy etc.). This campaign has its continuation in other cities and IWP managed to get cofounding for it.

Most IWP’s initiatives during the cooperation period were widely covered by Ukrainian media were at least 300 hundred materials. Besides grass-root activities Alyona Getmanchuk and Serhiy Solodky constantly covers EU related issues in their columns at Korrespondent and Ukrpravda.

Center UA, a member of New Citizen platform, was very active in promoting EU integration and signing the AA. Activists published several columns on benefits of EU integration for [business](#), [environment](#) and [health](#). Centre.UA conducted several street actions which were widely covered by media:

- [“Support Eurosummit 2013”](#) street action;
- [“Why should Ivano-Frankivsk be a European city”](#) as part of USAID Field Day;



- [“Let’s sing an ode to joy in the European square”](#);
- [“Decorate the Euro-tree, or why should Kyiv be a European city”](#) as part of a UNITER event.

Members of NGO developed and launched in late August an national advocacy campaign [“EU/YES to the Signature”](#). Right from the start, it became popular in [Facebook](#) and other [media](#). In less than a month after the launch of the Facebook page, it gathered over 570 supporters. Furthermore, over 150 shared the information on the launch of the campaign through various social networks.

In September, together with Texty.org.ua web-portal, Center UA launched a new project, “EU-Ukraine Association Agreement: Marital Contract in Pictures”, which was conceived and designed with UNITER support. The project aims to raise media’s politicians’, business’s and general citizens’ awareness of the benefits and the challenges of the association. Every week, Center UA and Texty will publish infographics which explain important topics related to the Agreement. The first infographics in this series, [“Structure of the Association Agreement”](#), was recommended by over 2,000 social network users within two weeks after its release.



Transparency of parliamentary election 2012

To help citizens make more informed choice, before the parliamentary election 2012, **Democratic Initiatives Foundation (DIF)**, together with Razumkov Centre and Kyiv International Institute of Sociology (KIIS), conducted two public opinion polls on election issues and disseminated their results at six press conferences. Furthermore, DIF conducted eight pre- and post-election expert polls, covering the issues of the quality of party lists, strategies of the main electoral rivals, features of different parties’ election campaigns, the role of sociology and mass media during the election, election violations and distortion of equal participation of all candidates etc.

The national exit poll, conducted by DIF and partners on October 28, showed that discrepancy between the official results and the exit poll fell within the margin of statistical error, which demonstrated the absence of significant electoral fraud on the party list component of the election.

Furthermore, DIF played a unique role in validating the integrity criteria introduced by Civic Movement CHESNO (for more information about CHESNO, please see the description of Activity 1g under Objective 1). DIF also tested public awareness of the Movement’s activities and its influence on future electoral choices. The results of DIF’s nation-wide opinion polls, which included questions on public attitude towards CHESNO, helped demonstrate the relevance and validity of CHESNO’s activities.

Small and medium size enterprises (SME)

In the framework voucher system, ISAR Ednannia, administrator of Capacity Development Marketplace, signed a memorandum with the Centre of International Private Entrepreneurship (CIPE). This partnership allowed representatives of four NGOs (Kamyanets-Podilsky City NGO “Podilska guild of artisans”, Center for Regional Development "Impulse", Professional Entrepreneurs’ Association, and Zhuravenska NGO “Renaissance”) to take part in the program “Development of potential of business associations in Ukraine”.

In addition, a number of entrepreneurs’ organization used Capacity Building vouchers to develop their internal capacity. For instance, Youth and entrepreneurship - Sumska City Youth NGO utilized a voucher to improve their personnel’s skills of project development and management, successful communication strategy of SME; Vinnytsia Oblast Association “Entrepreneurs Club” learnt about social entrepreneurship and developed a PR strategy.

Activity Id: Provide Technical Assistance to Enhance the Skills of Grantees.

Through UNITER project, Pact has strengthened civil society in Ukraine within a variety of sectors, while assisting key sectoral leaders with a tailored capacity building package (more details are available under Objective 3). Pact’s capacity building interventions included:

- Assessment of the sectoral leadership potential of 10 key partners
- Assessments of policy relevant research in Ukraine, foreign policy sector, and enabling environment for NGOs
- Preparation of 10 major partner NGOs for USAID Recipient Contracted Audit
- Facilitation of stakeholders’ engagement in partners programs
- Coaching and mentoring on strategic development of advocacy campaigns
- Workshops and consultations on research quality, advocacy, and communication with stakeholders
- Data management and data quality that organizations collect
- Strengthening networks of national partners with the regional civil society



On June 16, Pact brought together hundreds of citizens to discover opportunities to shape the future of their country, in the framework of “Unite with The Rhythm of Change!” festival in Kyiv. The event, which Pact organized, in partnership with a number of national and local partners, activists and Civic Innovation Fellows, became a one-of-a-kind performance, with

around 20 agile activity spots, dozens of civic, environmental and human rights activists, journalists and artists. During the jamboree, Pact and its partners demonstrated to hundreds ordinary Ukrainians how citizens’ desires and actions can form a better tomorrow sharing their experience, successful stories and inspiring examples.

In terms of outputs, the even looked as follows:

- World Café hosted more than 80 guests who probed advocacy experts, social innovators and civic leaders on their views of social entrepreneurship, fundraising for creative projects and civic initiatives;
- at Kinosaray, 75 cinema lovers watched short documentaries and viral videos on how citizens can change their communities;

- NGO Marketplace in the Park gathered approximately 70 – 80 people who came to learn more about communication in the civic sector;
- 36 visitors received advice on access to public information, and hot legal and practical tips about starting up their civic initiatives and organizations.
- around 800 people stopped to view two exhibitions on Euro-integration and Stop censorship;

The event also gave material for an inspiring video on civic activism in Ukraine, which Pact commissioned to further motivate citizens to take the responsibility for the future of their country.²⁶

Activity 1e: Additional Activities of UNITER Civil Society Strengthening Program in Crimea

In FY13, Pact closed UNITER Civil Society Strengthening Program in Crimea. Throughout the program, UNITER supported a number of local policy initiatives in Crimea, addressing such issues, as quality, accessibility, and effectiveness of water supply services in rural areas; citizen participation in decision-making process in the communal sphere; and quality of administrative and social services. Pact also supported three think tanks research projects, which resulted in policy recommendations for Crimean government on improvement the quality of life of Crimean residents, civil society participation in local governance, as well as enhancement of educational sector in rural areas of Crimea, major issues with multi-language education in rural areas and its promotion of multi-cultural dialogue in education.

The projects supported by Pact in the course of the program resulted in 19 policy changes, which improved access to healthcare for women with special needs, increased local budget transparency, and created more opportunities for citizen participation and cooperation between NGOs and local governments.

Pact also fostered strengthening the network of civil society leaders in Crimea, helped NGOs develop their organizational and technical skills, and engaged partners from other regions of Ukraine to introduced innovative approaches to community engagement.

1. Civic Innovation Fellowship

Throughout the three rounds of the program, Pact trained 41 individuals from all over Crimea, bringing out their leadership qualities. Fellowship graduates designed and successfully implemented 24 community development and advocacy projects. Some of the projects, such as Niyas Izmaylov’s “Everyone Needs Hope” gained nationwide recognition and were covered by national-level media. Moreover, three Fellow’s projects underwent public validation, successfully



²⁶ The video is available at: <https://vimeo.com/73772706>

completing online crowdfunding challenge. Utilizing the Spilnokosht crowdfunding platform²⁷, developed by UNITER partner Garage Gang Kollektiv (GGGK), three Fellows raised up to 2,000 USD each from individual donors throughout Ukraine.

2. Crimean Community Enhancement Centers²⁸

Pact established five Community Enhancement Centers in five regions of Crimea (Bakhchysaray, Dzhankoy, Saky, Sevastopol, and Sovetsky). The Centers were designed to work with local initiatives, facilitate dialogue among citizens, identify community problem, and find resources inside communities to address those problems. After extensive capacity building intervention from Pact, these organizations have been serving as resource banks, providing local communities with an alternative platform for stakeholder communication.

CECs have supported 78 small community initiatives that tackled various issues including support to community centers and libraries in small villages, development of organic agriculture, natural resources management, support to socially disadvantaged groups, access to drinking water in villages, improving public and administrative services, anti-corruption projects, sports projects and support of creative groups. Crimea Enhancement Centers work closely with the local government and business to implement joint community development projects. Five Centers secured over UAH 700,000 (USD 87,500) in funding of its local projects. For more information on cooperation between CECs and local business, please see the description of Activity 4d under Objective 4.



In a number of communities (e.g. Tsilyne, Zavet-Leninske and Prysyvashne villages, Sevastopol), CECs, in cooperation with UNITER-supported GarageGang, introduced an innovative crowdfunding fundraising format – Sunday Borsch. These food-cooking community fundraising events allow local activists to present their ideas and raise support from their communities. In May 2012 partners conducted five Sunday Borsch events, which gathered over 400 people. The events hosted presentation of 26 community development projects and raised

UAH 2,020 (USD 275) from individuals.

Activity 1g: Additional Activities of Civil Society Organization in the critical period of before and after 2012 Parliamentary election in Ukraine

Civic Movement CHESNO became one of the most visible civic initiatives in the pre- and post-election period. Before the election, CHESNO assessed 448 MPs of the Verkhovna Rada of the previous convocation, as well as 2,660 candidates from party lists and single-mandate districts.

²⁷ <http://biggggidea.com/spilnokosht/>

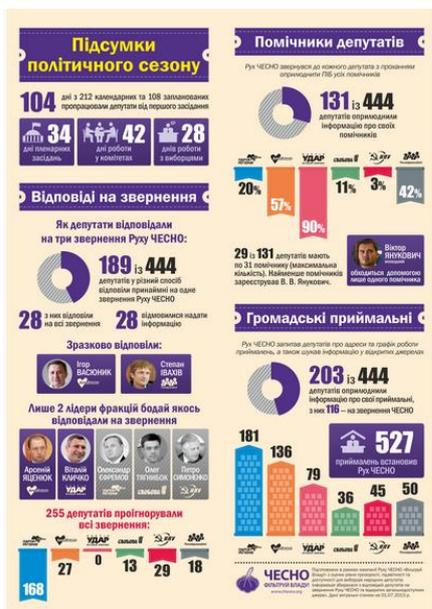
²⁸ The aim of the Community Enhancement Centers is to search, support and development organizations and initiative groups aimed to improvement of living standards in communities. It is a mobile, flexible body that studies community needs and issues, promotes community leadership and activism, supports local initiatives aimed at community participation in decision making process and addressing community needs by using resources available.

With 140 public events involving almost 50,000 people and 1,600 releases in national, international, regional and local media, CHESNO messages reached almost 11 million of citizens. In December 2012, already after the end of the campaign, almost 7% of adult population in Ukraine were aware of the Movement, and 17% said they “heard something”, according to a public opinion poll conducted by Democratic Initiatives Foundation (DIF). However, public support of CHESNO criteria for integrity and for the issues which CHESNO promotes reaches as high as 90%.²⁹

With its proactive information campaigns and dialogue with politicians, CHESNO managed to initiate some systemic challenges. Due to the efforts of the Movement, the issues of non-personal voting in the parliament and attendance of parliamentary sessions, largely neglected in the previous years, became highly visible in political discourse. The MPs who earlier voted on behalf of seven absent colleagues and rarely showed up at their workplace are now much more conscious of their behavior, as they know that CHESNO reporters – and voters – are constantly watching them. As a result of public pressure, on February 22, 2013, Verkhovna Rada regulations were amended³⁰, obliging each MP vote personally. Even though the implementation of this policy has not been smooth, the very fact of adoption it signifies important developments in the attitudes towards the issue.

Due to CHESNO’s efforts, for the first time MPs published lists of their assistants, and some MPs even reported on their work and spending. Moreover, several Verkhovna Rada committees promised to launch their own websites, e.g. following CHESNO’s request, European Integration Committee began to systematically cover its activities on its website, publishing lists of meeting participants, calendars and results of meetings. In addition, [Draft Law #2816 "On Amending the Law of Ukraine 'On Committees of Verkhovna Rada of Ukraine' \(regarding ensuring openness and publicity of committees' work\)"](#) was registered in Verkhovna Rada on April 18, 2013. Despite the new legislation, MPs declarations still remain largely closed to the public: as of July 2013, CHESNO has discovered only 204 publicly available declarations³¹. However, CHESNO continues its efforts to ensure transparency in this realm

CHESNO participants also initiated a new practice of MPs’ public reporting. CHESNO members asked representatives of every parliamentary faction to report on the major issues monitored by the Movement. CHESNO also requested the factions to conduct self-assessment of their legislative initiatives aimed at curtailing corruption and signing the Association Agreement between Ukraine and the EU, as well as evaluate how well they fulfill their election campaign promises. The parliamentarians later reported on their activities at a large-scale forum, which CHESNO organized in Kyiv in July to summarize the results of half-year work of all parliamentary factions³². All parliamentary factions’



²⁹ <http://www.dif.org.ua/ua/publications/press-relizy/chesno.htm>; <http://www.dif.org.ua/ua/publications/press-relizy/fdgerutyiomth.htm>

³⁰ http://w1.c1.rada.gov.ua/pls/zweb2/webproc4_1?pf3511=44639

³¹ <http://chesno.org/news/1622/>

³² Photos of the Forum are available on [CHESNO Facebook page](#) (<https://www.facebook.com/media/set/?set=a.591904200849292.1073741842.278157378890644&type=1>). Also

reports are available through CHESNOmeter at www.chesno.org, along with [CHESNO analysis](#) of the work of the new convocation of the parliament and some [colorful infographics](#).

Objective 2: The relevant legislative framework for civil society approaches European standards. (5%)

In November 2012, Pact commissioned International Center for Non-profit Law (ICNL), UNITER active partner since 2009, to conduct the assessment of Objective 2 of the UNITER Project. The purpose of the study was to assess Pact's contribution to the current state of enabling environment for NGOs in Ukraine; and identify areas for further improvement both from legal perspective and practices of NGOs.

The assessors concluded that during 2009 – 2012, several new laws and decrees which enhanced legal environment for civil society were adopted. Specifically, Laws on Public Associations and Charity and Charitable Organizations improved the legislative framework for the registration and the operation of Ukrainian NGOs. The new Tax Code has contributed to enabling fiscal environment for NGOs. The Strategy for Development of Civil Society helps NGOs advocate for further improvements in legislation beneficial for civil society. The Cabinet of Ministers' Decrees #1049 and #996 have given NGOs the opportunities to access state funding and increase citizen participation in decision-making through the public councils.

ICNL stated that Pact has contributed considerably to the enhancement of legislative framework through support of its key partners' advocacy efforts, and building their capacity in networking, communication and advocacy.

For the future, ICNL recommended focusing on ensuring smooth implementation of the approved legislation, specifically raising awareness of the newly adopted policies and developing capacity of governmental officials and NGOs. In addition, further improvements to the legislative framework are required, in particular to the regulations of social services, state procurement, registry of non-profit organizations under Tax Code, volunteering, and freedom of assembly. Finally, there remain a few issues that were not addressed in the newly adopted legislation and are yet to be resolved. This includes the legal status of NGO branches under the Law on Public Associations, participation of charities in the state funding contests under the Decree #1049, and review the provisions of the Decree related to public councils to improve its efficiency and deal with shortcomings of implementation.

Activity 2a: Support NGO efforts to propose legislative initiatives and build consensus for changes.

1. Cooperation with key partner for legislative reform related to NGOs

Ukrainian Center for Independent Political Research (UCIPR) remains the main Pact/UNITER partner working to improve the legislative environment for civil society in Ukraine. Within the reporting period, UCIPR focused on the proper implementation of the earlier adopted legislative acts, namely:

you can view a brief video summary of the Forum on UkrPravda (<http://www.pravda.com.ua/photo-video/2013/07/11/6994087/>).

- 1) Law “On Public Associations” #7262-1 (effective since January 1, 2013);
- 2) Law “On Charity and Charitable Organizations” #6343 (approved by the Parliament and was signed by President on January 29, 2013).
- 3) Government Resolution #1049 “On the Approval of the Procedure for Contests for Projects NGOs and Programs, Monitoring and Evaluation of Their Results”;
- 4) President’s Decree # 32/2012 “Issues of Civil Society Development in Ukraine”
- 5) KМУ Decree #996 “On Ensuring Public Access to Development and Implementation of Government Policy” ;
- 6) Amendments to the Budget Code of Ukraine (articles 87 and 91; adopted on October 16, 2012).

Law “On Public Associations” #7262-1

The text of the draft law was developed by public experts under the leadership of UCIPR as a result of multiple public and expert discussions and public opinion surveys among NGO. The law also fully complies with European standards on legal status of NGOs and protection of the right for association. The new law gives NGOs a right to act for the needs and interest of any group of people or for public interest (not just interests of their members); enables legal entities to establish public associations; provides for simplification of registration procedures for public associations; abolishes territorial statuses for NGOs and excessive government control over operation of NGOs; gives NGOs a right to engage in entrepreneurial activities directly without establishing another legal entity. The law is expected to facilitate establishment of new NGOs, to enable all NGOs to provide their services all over Ukraine, to increase the interest of business in supporting civic activities and to allow NGOs to be more sustainable financially.

Under UNITER support, UCIPR took part in development of the bylaws required for proper implementation of the law “On Public Associations”, as well as actively advocated for the adoption of these legal acts. UCIPR experts commented and advocated the following bills:

- Draft Cabinet of Ministers’ Decree on procedures for administration of Register of public associations;
- Draft Cabinet of Ministers’ Decree on procedures for registration of symbolic of public associations;
- Draft Decree of the Ministry of Justice on application forms for registration of public associations.

UCIPR experts participated in development of a draft law on harmonization of other laws with the Law “On Public Associations” and ensured inclusion of most expert recommendations in the final text of the draft law as submitted for consideration of the Cabinet. The project team also engaged in active advocacy campaign for adoption of the draft law. UCIPR mobilized high-level officials from the President’s Administration (M. Stavnichyk and S. Liovochkin), as well as influential MPs (Yu. Miroshnychenko) to advance the adoption the draft law. However, despite all advocacy efforts, the Cabinet did not submit the draft law for consideration of the Parliament by the end of June 2013, due to the opposition of certain political groups. To resolve this situation, the project team launched consultations with the MPs on submission of the bill for consideration of the Parliament bypassing the Cabinet. As of the day of submission of this report, the negotiations are still in progress.

Law “On Charity and Charitable Organizations”

The adoption of the Law #6343 “On Charity and Charitable organizations became possible thanks largely to UCIPR’s energetic advocacy efforts. The text of the newly adopted law was developed by public experts led by UCIPR as a result of multiple public and expert discussions and public opinion polls. The NGO also played a vital role in ensuring adoption of the legislation and its further becoming effective.

Although the law has been forwarded to the President of Ukraine for promulgation on July 31, 2012, it was not signed and could not come into effect for more than another half a year. Such situation resulted from efforts of the groups opposed to the law. To advocate the promulgation of the draft law, UCIPR mobilized the Deputy Head of the Presidents’ Administration M. Stavnychyk and the Head of the Administration S. Liovochkyn to meet the President of this issue. In addition, UCIPR mobilized the opposition MP O. Orobets to appeal not signing of the law in the court as a direct violation of the Constitution of Ukraine. UCIPR experts also held consultations with Mrs. Stavniychyk on the challenges posed by such case. As a result, the Law was officially published, signed on January 29, 2013, and came into effect on February 4, 2013.

The new law solves all major problems of previous law “On Charity and Charitable Organizations”. It simplifies registration procedures for charitable organizations, shortens the list of compulsory government bodies for a charitable organization, established higher transparency requirements for these organizations, and provides for new instruments of charity, such as endowments and charitable bequests. The law is expected to facilitate establishment of new charitable organizations and increase the capacity of charitable organizations to fulfill their missions.

In September 2013, civil society united again to oppose a new bill threatening to hamper philanthropy in Ukraine and increase corruption in the sector. [The recently introduced bill #3100](#) contains a provision requiring mandatory notarization of agreements for charitable contributions of 850 UAH or more. Civic experts argue that the adoption of this provision will have a number of negative consequences, such as: decrease in the number of charitable donations, in particular from citizens and business; impossibility of the use of credit cards and other electronic means of payment; increase in the cost of notarization services with no added value to the effectiveness of the philanthropic aid.

To prevent the negative policy change, the members of UNITER-supported New Citizen coalition initiated an [open petition](#)³³ to the Head of Verkhovna Rada Volodymyr Rybak requesting the latter not to include [the bill #3100](#) into the parliamentary agenda. The petition was signed by over 10,800 citizens. Such powerful reaction prompted Verkhovna Rada Committee on Culture and Spirituality to unanimously turn down the bill at its meeting on September 18.

Cabinet’s Decree #1049

Ukrainian Center for Independent Political Research (UCIPR) developed and advocated the adoption of recommendations for amending Decree # 1049 “On the Approval of Procedures for Contests of NGOs Projects Offered for Government Financial Support”. The decree was adopted by the Cabinet of Ministers of Ukraine in October 2011, largely due to UCIPR advocacy, and established transparent and effective procedures for NGOs’ access to government funding. The

³³ <http://chn.ge/17BLlx8>

Resolution defines procedures for competition and criteria for evaluation of project proposal and establishes procedures for elimination of conflict on interests within distribution of government financial support for NGOs.

As a result of these efforts, by the end of FY13, the draft amendments developed by the Ministry of Economy were forwarded for consideration of the Cabinet, with 80% of UCIPR experts' recommendations taken into consideration. Activities of project experts also included development and advocacy of the adoption of official recommendations of the Ministry of Economy on implementation of the Decree. Respective recommendations were developed and issued as official letter of the Ministry, up to 60% of proposals of project experts were considered in them.

In April – May 2013, UCIPR conducted a research on state financial support to NGOs.³⁴ The research covered the issues of the size of funding, types of NGOs that are eligible to receive support, procedures for money distribution in different cases (both contest-based and non-competitive cases), access of NGOs to public funding, as well as implementation of Cabinet's Decree #1049 in the cases to which it applies. The findings of the monitoring present telling evidence about the steps in the right direction and the outstanding concerns:

- At least one additional case of contest-based public financial support of NGOs appeared on the national level after the adoption of the Decree;
- At least 6 additional cases of contest-based public financial support of NGOs appeared on the regional level in 2012, and 3 more cases – in 2013 as a result of the adoption of the Decree;
- Decree #1049 was applied in 17 cases on the regional level in 2012 and is expected to be applied in 24 cases in 2013;
- Out of 17 cases of application of the Decree #1049 on the regional level, only 3 showed serious violation of contest procedures;
- As a result of the application of contest-based procedures for distribution of public funding, NGOs' access to such funding grew by 20%;
- However, when it comes state financial support to organizations of the disabled, which accounts for the largest part of state funding for NGOs, in all but two cases (i.e. one case on the national level and 25 on the regional one) the funds were allocated in a non-transparent manner, on a non-competitive or semi-competitive basis. This results from the fact that public financial support to these organizations did not require contest-based procedures earlier; therefore, most organizations and authorities remain convinced that their cases do not fall under the Decree #1049.

UCIPR organized public presentations of the results of monitoring for representatives of regional NGOs and regional executive bodies. In addition, personal letters were sent to the heads of those governmental agencies where violations were detected. As a result of public pressure mobilized by UCIPR and project experts' personal consultations with the officials responsible for financial support to NGOs, violations were eliminated in three cases, and the authorities had to distribute financial support to the organizations of disabled people through contest-based procedures.

³⁴ <http://ucipr.kiev.ua/publications/anons-analitichnii-zvit-publichni-groshi-dlia-institutiv-gromadianskogo-suspilstva-skilki-dlia-kogo-i-v-iakii-sposib-2013-r-avtor-anastasiia-krasnosilka>

In one case, UCIPR explained to Vinnytsia Regional Administration that according to the Decree #1049 all NGOs and charitable foundations have a right to participate in government-funded contests. The administration changed the conditions of the competition accordingly, so that all interested NGOs and charities could apply. In the second case, Sumy Regional Administration stopped using the local-level regulation which contradicted the Decree #1049 and conducted a fair competition without any violations of the Decree. Finally, due to UCIPR's numerous meeting Kyiv City State Administration officials, the latter began to use the Decree #1049 instead of its own regulations which were adopted earlier and were unacceptable for NGOs.

UCIPR provided consultations on implementation of Cabinet's Decree # 1049 to the state Youth and Sports Agency, as well as a number of regional state administrations, including those in Odessa, Chernihiv, Vinnytsia, Ivano-Frankivsk, Khmelnytsky, and Lviv. Experts of UCIPR continue consultations with executive officials on recommendations of the monitoring and agreements on means of implementation of recommendations are reached.

Activity 2b: Support to key organizations that help NGOs overcome regulatory hurdles and/or provide legal advice on civil society legislation

UCIPR has been actively promoting the new registration rules, as well as providing consultations to all interested NGOs and individuals. Through e-mail and personal communication with representatives of different NGOs, UCIPR team gathered frequently asked questions related to the law and provided answers to these questions. To make these consultations available to more people, UCIPR maintained [a special unit](#)³⁵ on the web-site www.gromzakon.org.ua, where anyone interested could fill out an online form to pose a question on the new law. In addition, UCIPR developed a brochure "How to work under new law 'On Public Associations'" and organized a roundtable discussion on innovations of the legislation. Furthermore, UCIPR experts developed [three video-presentations](#) on frequently asked questions on new law and made them available via YouTube³⁶. As of September 27, 2013, the videos were viewed 77, 213 and 226 times respectively. In addition, UCIPR experts, together with NGO Marketplace team, conducted a webinar on innovations of the law "On Public Associations", which allowed over 70 participants from all over Ukraine clarify details regarding the new law and its implementation.

The image shows a web form titled "Поставити питання по закону 'Про громадські об'єднання'" (Ask a question about the law 'On Public Associations'). The form includes several input fields: "Прізвище та ім'я" (Last name and first name), "Організація" (Organization), "Електронна пошта" (Email), and "Контактний телефон" (Contact phone). Below these is a large text area for "Ваше запитання" (Your question). At the bottom, there is a field for "Введіть, будь-ласка, захисний код" (Please enter the security code) and a "Надіслати" (Send) button. The form is part of a website for the "Адвокатування проекту Закону України Про громадські організації" (Lawyer for the draft Law of Ukraine on Public Associations).

In addition, UCIPR team focused on promoting positive innovations of the new law and on combating attempts to discredit it. For example, in December 2012, the Forum of Public Council and NGOs took place, dedicated to the possible threats of the NGO Law for civil society. The Forum was organized by four public councils and several organizations-opponents of the law, mostly representatives of professional associations. UCIPR analyzed the misconceptions of the new law dominating the civic sector in Ukraine, and prepared a comparative table of correct and incorrect statements related to the legislation. The document was disseminated via UCIPR

³⁵ http://gromzakon.org.ua/?page_id=2292
³⁶ <http://www.youtube.com/user/MyUCIPR>

mailing lists and via journalists. In addition, an article on the innovations of the law and the attempts to discredit it was published on “Ukrayinska Pravda”, one of the major online news source in Ukraine.

To help NGOs and charities understand the innovations of the new legislation on philanthropy, UCIPR conducted a round table in February 2013. At the event, the participants discussed new procedures for registration of charitable organizations, as well as advice on application of new tools for charitable activities (endowments and reversible donations).

Objective 3: NGOs are transparently governed and capably managed. (20%)

Activity 3a: Support organizations receiving grants for local advocacy to meet their basic organizational capacity strengthening needs.

1. Pact implements rapid organizational capacity assessments of local grantees

Pact team, in close cooperation with its partner organization Creative Centre CCC (CCC), completed a rapid capacity assessment for UNITER grantees. Based on the assessment results of the assessments, UNITER grantees’ basic capacity needs were identified in three key areas: organizational development, legitimacy of organization and experience in conducting public advocacy campaigns. In FY13, CCC prepared individual reports on 42 grantees with tailor-made recommendations for strengthening organizational capacity. The reports were shared with the partners to help the latter identify priority areas for development. All NGOs were encouraged to utilize Capacity Building Marketplace to address the detected needs.



Additionally, CCC produced a report “Civil Society Organizations in Ukraine: State and Dynamics. 2002 – 2011”, based on an in-depth analysis of the survey of over 600 NGOs, compared to the data for the last nine years. The CCC team included into survey the UNITER grantees and carried out an in-depth comparative analysis of the state of development of the UNITER grantees, NGOs of the Autonomous Republic of Crimea (ARC), and all the surveyed organizations. Over 500 hard copies of the reports were sent to the main donor organizations, NGOs, central government bodies, regional government administration and business representatives. Also, the report is available online: http://uniter.org.ua/data/block/2012_tck_en.pdf

2. Marketplace vouchers through voucher administrator

Through Capacity Development Marketplace, Pact helps strengthen capacities of local advocacy organizations. ISAR Ednannia assists local NGOs in designing their organization development plans and ensures that they receive financial support for its implementation. So far, five NGOs received advocacy vouchers. One of the examples is “Dzherelo nadiyi” (“Source of hope”) - Vinnytska Oblast Human Rights Organization, which received an advanced level voucher for advocacy training and post training support. As the result of their advocacy campaign against human trafficking, members of local city council officially defined and acknowledge the status of a human trafficking victim. Moreover, due to additional PR strategy development, “Dzherelo Nadiyi” became more recognizable in the city. The NGO fully refurbished its web-site and

publicized its activities through local media and social networks. Eventually, advocacy became a new focus of the organization.

In FY13, four organizations supported under Local Advocacy Grants Program redeemed capacity building vouchers. Using vouchers, All-Ukrainian NGO “Association for promotion of population self-organization” developed its staff’s PR and advocacy skills, Vinnytsia Oblast NGO of Disabled Youth “Harmony” enhanced their team work and communication; Donetsk Youth Debate Centre worked on strategic planning, fundraising, PR, monitoring and evaluation, financial management; and All-Ukrainian NGO Coalition for Protection of Rights of the Disabled and Persons with Intellectual Disabilities held a training for a group of NGOs on methods and tools of monitoring. In addition, several LAGP grantees (Parostok, Luhansk Region Civil Initiative, and Mykolayiv City Development Foundation) approached ISAR Ednannia, Marketplace administrator, for consultations on vouchers

Activity 3b: Provide advanced capacity development program to key NGO partners/facilitate creating of national leaders.

1. Audit-readiness program:

Since 2011, Pact has implemented an international audit readiness program, focused on introducing international standards of financial reporting and accounting systems in advanced organizations, to enable the latter to receive direct funding from international donors. The program had two rounds and involved ten partners, namely CCC Creative Center, Ukrainian Center for Independent Political Research (UCIPR), Center UA, Democratic Initiatives Foundation (DIF), Razumkov Center, Institute of World policy (IWP), Institute for economic research and policy consulting (IER), ISAR Ednannia, Center for Political and Legal Reform (CPLR), and TORO Creative Union (TI Ukraine).

The focus of Pact’s capacity development for audit-readiness has lied on USAID-specific requirements for Recipient Contracted Audit. Based on the results of the program, five Pact partners, namely Center UA, CCC Creative Center, UCIPR, ISAR Ednannia, and Democratic Initiatives Foundation (DIF), were selected for an international audit and underwent it. For more information, please see the third section under Activity 3b of Objective 1.

2. Advanced institutional strengthening through vouchers

Pact supported the implementation of the Capacity Development Plans by either adding additional funds to the partners’ current grants, or by providing vouchers through Capacity Building Marketplace. The partner organizations utilized these additional resources to hire financial management consultants, to organize strategic planning sessions, or procure accounting software.

To ensure sustainability of the results of the program, UNITER conducted two “Graduation Roadmap” sessions for two of its key partners, namely UCIPR and ISAR. These activities were designed to:

- 1) define the subcategories of the capacities for further improvement (technical, organizational, influencing and adaptive capacities);
- 2) prioritize the implementation of the recommendations provided by the international audit, USAID OCA, and NUPAS;

- 3) improve communication among the team members and foster a joint vision of capacity development of the organizations;
- 4) improve understanding of the NGOs' priorities and basics of communication between donors and NGOs;
- 5) launch development of the "Graduation Roadmap" capacity development plan for the upcoming year (including budget, indicators of success, timeframe).

UNITER ensured that representatives of the management of different levels were involved in these events. Using an interactive methodology, UNITER team equipped partners with analysis techniques, and helped them gain an insight in the basics of the preliminary development of capacity building activities and their prioritization.

Both partners are to develop Graduation Roadmap plans by the end of September. Pact will provide all necessary assistance to the partners, including support in identifying performance indicators, developing the activities under the plan, and obtaining expert opinion on the improvement of NGOs' technical capacities.

While most donors typically focus on funding programmatic activities, the support on the organizational level remains insufficient. Pact's audit readiness program and supporting funding helped partner NGOs to understand their needs, to produce strategies for further sustainability, and to address critical challenges in development of their structures. These improvements will enable the organizations to further expand their activities and work directly with foreign donors.

3. Recipient Contracted Audit and NUPAS

Pact selected five partners that participated in the audit readiness program for the Recipient Contracted Audit. This included Center UA, CCC Creative Center, UCIPR, ISAR Ednannia, and Democratic Initiatives Foundation (DIF).

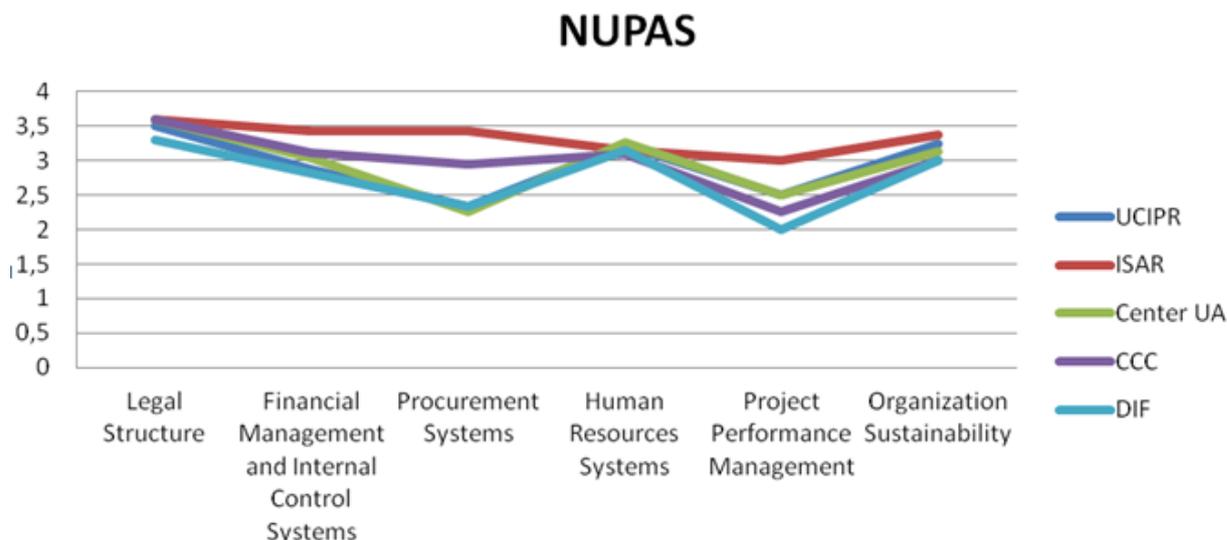
In consultation with USAID, Pact developed a TOR for the audit company and announced Request for Quotations to purchase services of an independent auditor to conduct simultaneously the Non-US Organization Pre-Award Survey (NUPAS) and the recipient contracted audits. Pact/UNITER announced the RfQ on February 12, 2013 and sent it out directly to six audit firms certified by USAID. After the analysis of the proposals, conducted by Pact/UNITER senior staff the decision was made in favor of EBS Group.

EBS group conducted the field work for all five partners during May-June 2013, examining the fiscal year of 2012 in each organization. Firstly, the auditors held introductory meetings with each partner to understand the peculiarities of the operation of each organization. Next, the NGOs uploaded all financial and project documentation, along with internal policies and procedures, to a special server. After this, the field work stage began, during which several teams of auditors visited the NGOs, reviewed the originals of the documents and requested the missing documentation. Upon the completion of this stage, the auditors prepared draft reports and shared them with Pact and the organizations for comments. Following this, personal meetings with the auditors were organized to clarify the details which remained unclear. Ultimately, final reports were prepared and provided to Pact and partners.

The auditors concluded that all financial statements were presented fairly in all material aspects and corresponded to international and Ukrainian standards. All partners received a report on the audit of fund accountability statements and on financial statements' compliance with national

standards. The audit reports will become a valuable asset for each partner for the negotiations with international donors.

In the framework of the USAID’s Non-US Organization Pre-Award Survey (NUPAS), the auditors examined each partner’s legal structure, financial management and internal control, procurement system, HR systems, project performance management, and organizational sustainability. The auditors presented the average score for each of these criteria and the overall score for each organization. All five partners achieved appropriate scores on NUPAS and were recommended for direct funding. The NUPAS scores are visualized in the chart below.



The partners also received additional recommendations from the audit company, which the NGOs will use as future guidance in capacity development.

Partner NGO	General conclusions and score	Recommendations to NGO and Donor
Center UA	The Overall score for the Organization has “Adequate” level (equals 2,96). Therefore, the financial and management capacity of the Organization to manage awards and absorb new projects is moderate.	<p><u>For the Organization</u> – to continue moving in the direction of advanced organizational development – improve internal regulations including by introducing into the current plan the actions, described in the paragraph IV of this Report. The main accent should be made on the practical implementation of already approved regulations;</p> <p><u>For the Donor</u> – to consider providing awards for larger amounts and scope which may be provided in form of direct granting, including for institutional purposes. At the same time, the donor should establish close monitoring and control, including control over implementation of recommendations provided.</p>

CCC	The Overall score for the Organization has “Adequate” level (equals 3, 00). Therefore, the financial and Management capacity of the Organization to manage awards and absorb new projects is moderate.	<p><u>For the Organization</u> – to continue moving in the direction of advanced organizational development, improve internal regulations, including by introducing into the current plan the actions. Additionally, the Organization should pay attention to development of the Organization key leaders and potential successors – project managers, in addition to the President and the Executive Director.</p> <p><u>For the Donor</u> – to consider providing awards for larger amounts and scope which may be provided in form of direct granting, including for institutional purposes. At the same time, the donor should establish close monitoring and control, including control over implementation of recommendations provided.</p>
DIF	The Overall score for the Organization has “Adequate” level (equals 2, 77). Therefore, the financial and management capacity of the Organization to manage awards and absorb new projects is moderate.	<p><u>For the Organization</u> – to continue moving in the direction of advanced organizational development, improve internal regulations including by introducing into the current plan the actions, described in the paragraph IV of this Report. The main accent should be made on the practical implementation of already approved regulations;</p> <p><u>For the Donor</u> – to consider providing awards for larger amounts and scope, including for institutional purposes in the current form (approval of an award total amount and disbursement by tranches according to the definite purposes) and to set the oversight plan of implementation actions requested for further development of the Organization. Finally, at the end of 2013 it is recommended to check whether all actions were made. Additionally, to pay attention to development of the Organization key leaders – project managers, besides the Director and the Executive Director.</p>
ISAR	The Overall score for the Organization has “Adequate” level (equals 3,33) and tends to reach “Strong” level if the Organization will implement all	<u>For the Organization</u> – to continue moving in the direction of advanced organizational development, improve internal regulations, incl. by introducing into the current plan

	auditors recommendations. Therefore, the financial and management capacity of the Organization to manage awards and absorb new projects is rather high.	the actions <u>For the Donor</u> – to consider providing awards for larger amounts and scope which may be provided in form of direct granting, including for institutional purposes. At the same time, the donor should establish close monitoring and control, including control over implementation of recommendations provided.
UCIPR	The Overall score for the Organization has “Adequate” level (equals 2, 95). Therefore, the financial and Management capacity of the Organization to manage awards and absorb new projects is moderate	<u>For the Organization</u> – to continue moving in the direction of advanced organizational development, improve internal regulations, including by introducing into the current plan the actions; <u>For the Donor</u> – to consider providing awards for larger amounts and scope which may be provided in form of direct granting, including for institutional purposes. At the same time, the donor should establish close monitoring and control, including control over implementation of recommendations provided.

4. External organizational capacity assessment

In addition to strengthening organizational capacities of its partners, Pact also helps them fortify their sectoral leadership. Together with Pact Global Capacity Development Team, UNITER project team conducted two surveys, namely UNITER partners’ self-assessment and stakeholders’ assessment of these partner NGOs. The two surveys included a mix of quantitative and qualitative questions.

After two weeks of data collection and analysis, Pact met partner representatives to review the preliminary survey findings and discuss implications for adaptive and influencing capacity.

Adaptive Capacities were defined as the following:

- Preparedness: The ability to plan ahead and engage key stakeholders in planning for anticipated future changes within the national and international operating environment.
- Agility: The ability to react quickly and engage key stakeholders in response to unexpected changes or shocks within the national and international operating environment.
- Evidence Based Decision-Making: The capacity to identify relevant state-of-the-art practices and research from external sources, and to apply these within the work of the organization.

- Endogenous Capacity Development: The ability to initiate, implement and manage and internal process of capacity development that is not dependent upon external resources or support
- Self-Awareness: The ability to analyze the organization critically, honestly and accurately, and to understand how external stakeholders view the organization.

Influencing Capacities are:

- Engagement with Systemic Challenges: The ability to engage proactively, effectively and in a coordinated manner in response to endemic challenges within Ukrainian society.
- Stakeholder Relationships: The capacity to interact confidently and productively with other stakeholders, and to overcome differences respectfully and collaboratively.
- Sharing Lessons Learned: The ability to identify, document and share lessons generated through the activities of the organization, and to use lessons learned to influence the activities of others.
- Leadership: The capability to influence priorities, drive discourse and communicate effectively with a range of stakeholders around key issues within the organizations sector of operation.
- USAID Readiness: An understanding of the practicalities of becoming a direct partner of USAID.

The figure below summarizes the average scores of Pact’s partners on these categories and compares the scores for self-assessment and stakeholders’ assessment. Generally, UNITER partners’ adaptive and influencing capacities proved to be strong. The average score of 75% implies that the partners typically adhere to the practices that we have defined as adaptive and influencing. Only in the areas of preparedness for international events and endogenous capacity development does the score drop below the 75% threshold. In general, the partners assessed themselves more positively than their stakeholders.

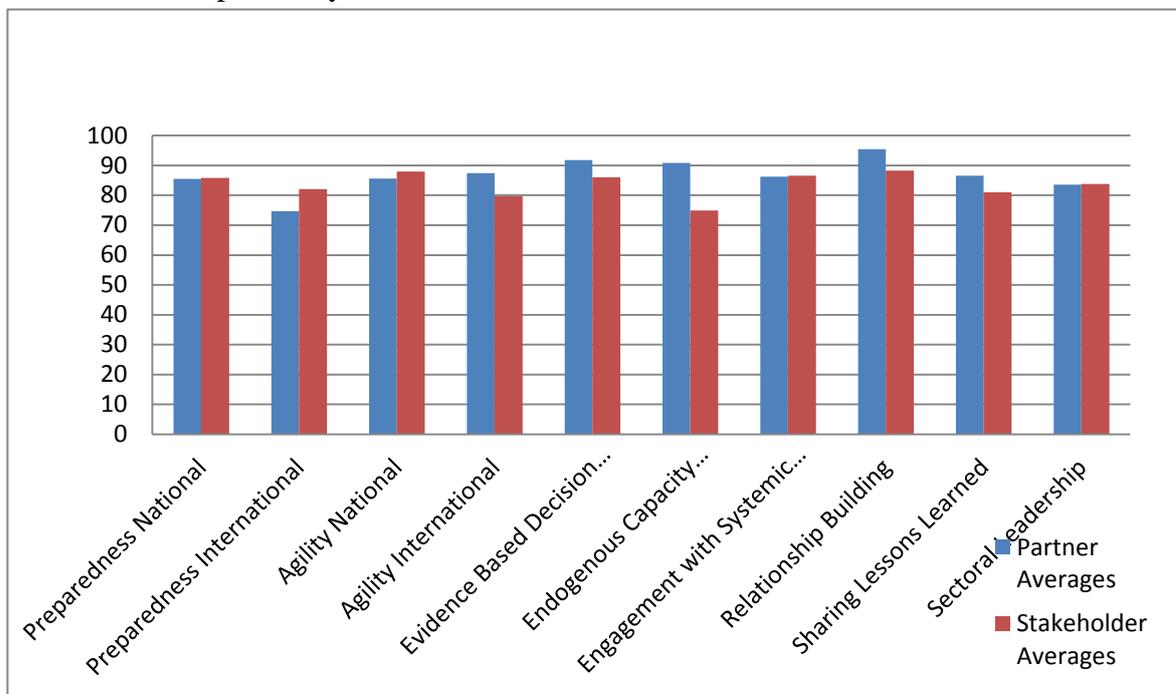


Figure 6: Average scores by capacity area, comparing partners and stakeholder assessment

Seven of the 10 partners assessed themselves more positively than their stakeholders did, with IER, IWP, TORO and DIF having the most positive self-assessments. When these differences were discussed with partners, the latter argued that the stakeholders were either not aware of their work in detail, or did not fully appreciate their efforts. Nevertheless, the areas of significant difference may represent communication gaps that require further exploration and effort to bridge. Each partner received an individual report on the analysis of influencing and adaptive capacities with recommendations on further improvement.

Activity 3c: Activating the local Marketplace through LINC

Following its gradual indigenization approach, Pact has cooperated with ISAR since 2012 to ensure the NGO’s readiness to take administration of the Marketplace and leadership in developing its future strategies and long-term vision. As a result, during the reporting period Pact UNITER transferred all three components of the Marketplace for ISAR’s administration starting from February 2013. During March – July 2013, UNITER continued to work with ISAR assisting them as a new administrator of the Marketplace. Through its capacity development interventions, meetings with interested stakeholders, presentations, consultations, discussions, technical support and a special advanced voucher, Pact supported ISAR in strengthening its internal capacities essential to local Marketplace administrator and future direct USAID partner.

1. Voucher system:

NGOs are now actively utilizing the opportunity to increase their capacity through vouchers. In January 2012 – July 2013, 447 voucher applications were received, the monetary equivalent of which amounted to \$US 761,593. Moreover, 12 organizations applied for the second voucher after using the first one. The number of applications for voucher has been constantly growing, as the figure below demonstrates. In overall, Marketplace capacity development services reached up to 10% of active civil society organizations in Ukraine, the total number of active organizations being 3,000 – 4,000³⁷.

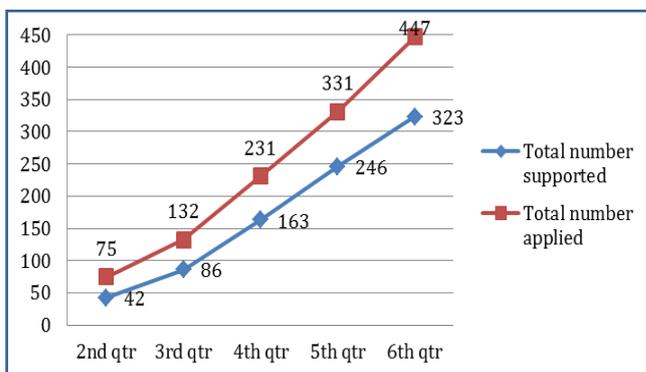


Figure 7: Total number of vouchers requested and granted in the period of January 1, 2012 – July 31, 2013

Starting from March 2012, ISAR Ednannia conducted 26 Voucher Selection Committee meetings. As a result, 323 vouchers were approved for financing (91 – supported through UNITER; 111 – Mott Foundation; 112 – SIDA, 2 – Internews Network; and 7 – USAID/RESPOND project implemented by Pact). The total monetary equivalent of the issued vouchers is about \$ US 460,000. On average, ISAR receives 23,8 applications per month and funds 17,9 projects per month.

³⁷ Counterpart Creative Center (CCC), “State and dynamics of development of non-governmental organizations in Ukraine 2002-2011”. – Kyiv, 2012. – P.16.

The most demanded spheres of capacity development are strategic planning (39), fundraising strategies and plans (23) and effective communication (16). At the same time, there emerges a demand for such innovative services, as development of marketing, advocacy, and business plans.

Additionally, ISAR has provided on-going consultations and support to applicants and voucher holders. The numbers of requests for consultations on vouchers and organizational development has considerably grown since ISAR began to administer the voucher system and regularly promote it in the regions through informational sessions, presentations, consultations, and participation in various events organized by other donors and NGOs. As of now, ISAR provides 20 – 35 daily consultations to applicants and grantees.

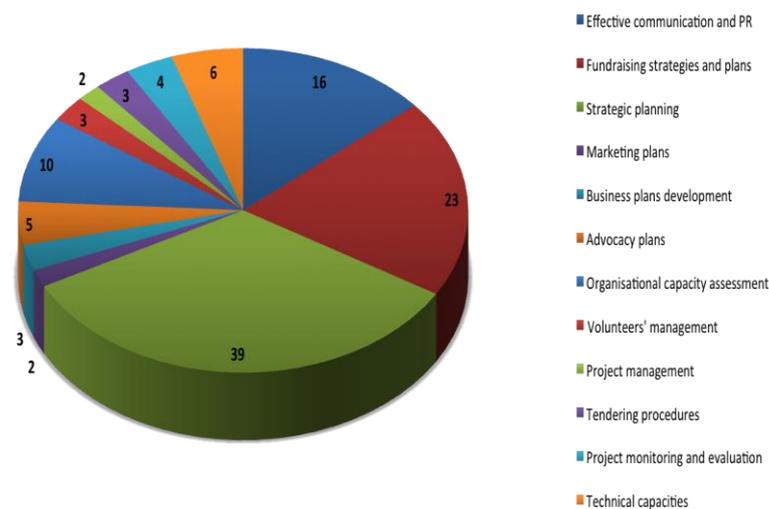


Figure 8: Vouchers distributions by donors and amounts granted in the period January 1, 2012 – July 31, 2013

In March 2013, ISAR launched new vouchers on technical capacities for HIV/AIDS NGOs and governance institutions in the framework of Pact's new USAID/RESPOND project and opened a new voucher pool for media NGOs, supported through Internews. However, many HIV/AIDS organizations seek to develop their overall organizational capacity, rather than simply increasing technical expertise. ITOCA, facilitated self-assessment of technical and organizational capacities, conducted for 16 regional partner organizations by USAID/RESPOND project, confirmed that many NGOs' organizational capacities are weaker than the technical ones. However, HIV/AIDS NGOs utilize vouchers to improve in both areas: March – September 2013, 16 HIV/AIDS NGOs organizations applied for technical vouchers, while 17 sought vouchers for overall organizational development.

Quality of services provided through Marketplace:

During the reporting period, ISAR, in close cooperation with Pact, developed and introduced a system of quality verification for the services offered through CD Marketplace. The system and its criteria were reviewed and approved by the members of the CD Marketplace Steering Committee. Next, the endorsement system was piloted with the most active service providers. The general attitude of the service providers towards verification of the qualities of their services was positive.

As of now, ISAR is working with the feedback from service providers to introduce the final version of the service quality verification system to all interested service providers at the Marketplace. After verification of their service quality, each provider's profile will receive a corresponding label "Verified according to the formal criteria of CD Marketplace". At the same time, users are still able to rate and comment on a service itself, as well as leave feedback about providers, rate them, and share information about the providers through social networks.

CD Marketplace managed to attract service providers not only from the civic sector, but also from business. As of now, 11 business companies are registered on CD Marketplace web-portal. Furthermore, in January 2013 representatives of 23 NGOs from different regions of Ukraine participated in School of Fundraising due to the memorandum between ISAR Ednannia, UkrGazBank and Princes-Benefactors Ostrozky Foundation. Also, in April 2013, ISAR signed an agreement with the auditing and consulting company "Compass", which enabled the participation of representatives of six NGOs in the "MBA in NGO field" program offered by the International Business School NIKLAND.

During March 2013 ISAR, in close cooperation with Pact, conducted evaluation of voucher's impact on organizational development. In April 2013, ISAR conducted an online survey and individual interviews with those NGOs which received vouchers at least 6 months ago, in order

Some Voucher successes:

A small NGO "Kalynovy ray" (Vovkiv village, Laviv oblast) received basic level voucher in the amount of \$1000 for number of trainings and consultations (strategic planning, fundraising, work with volunteers, internal policies) identified by which NGO during capacity development self-assessment. Later NGO used knowledge on practice and apply to the Embassy of Check Republic in Ukraine and as the result received grant UAH 180,000.00.

- *International NGO "Regional center of cross-border cooperation "Euroregion "Dnister" (Vinnytsya oblast) received basic level voucher in the amount of \$400 for strategic planning. Except strategic plan for their organization "Euroregion "Dnister" they managed to write 4 projects of Vinnytsya region development which were highly acknowledged by EU Directorates-General during the East Partnership conference in Brussels on October 2012. Moreover developed strategic planed helped "Euroregion "Dnister" to receive EUR 80,000.00 institutional strengthening grant from International Visegrad Fund.*
- *UNITER/PACT key partner UCIPR received basic level voucher (\$500) in 2010 and used it for one year certified course Management for NGOs (Ukrainian Catholic University). As the result UCIPR received number of benefits and credits. First of all, they have now a person responsible for capacity development of organization who among other is responsible for monitoring and implementation of the UCIPR's individual strengthening plan. Actually this person become a real motivator of new capacity development initiative in the organization, he developed and introduced internal on-line system (like Pact Intranet) which helps all employees quickly received information about different UCIPR's projects and initiatives. templates of documents.*

to analyze what changes and on what levels occurred due to the organizational development services provided through the Marketplace. A total of 27 organizations, which received 81 vouchers, participated in the survey and completed the evaluation [questionnaire](#).

The major findings are the following:

- For most respondents participation in capacity development activities was a conscious decision aimed to develop their organization and make it more active. Applying for a voucher, 31% of the NGOs wanted to move the organization out of the passive mode, 23% hoped for some changes within the organization, and 20% thought that participation in the program will help them reach their organizational aims.

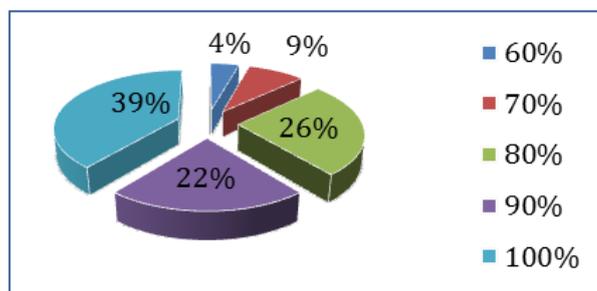


Figure 9: Customer satisfaction with Marketplace services

- Most of respondents pointed out that the voucher system is different from traditional educational programs, because it demonstrates individual approach to the needs of each organization and encourages participation of all staff, rather than management only, in the educational process and the choice of service providers.
- 39% of the respondents were fully (100%) satisfied with the quality of services received through the CD Marketplace; 22% assessed their satisfaction level at 90%, and 26% - at 80%. There were no respondents with the overall level of satisfaction with the services lower than 60%.
- 76% of the survey participants rated the usefulness of the services received at 5 out of 5, and 16% assigned this parameter the score of 4 out of 5.
- After receiving the services, changes were introduced in 96% of organizations. The changes predominantly happened in the structure of governing bodies, planning systems, and systems of external relations.
- Due to voucher support, 65% of the respondents began to work towards new directions, and 52% began to engage new clients/target groups.
- In general, 91% of the respondents consider voucher support to be helpful for capacity development of their organizations in terms of professional development, planning of organizational activities, task division, establishing relations with partners, change of management approach, development of strategic plans, fundraising plans, and development of internal management. For more details please see Vouchers' impact evaluation report prepared by ISAR (Annex 7)

Level of satisfaction	Respondents	%
60%	1	4%
70%	2	9%
80%	6	26%
90%	5	22%
100%	9	39%

Beginning from September 2013, ISAR will conduct voucher impact evaluation on an ongoing basis through the on-line Marketplace platform.

2. Marketplace Portal

In the heart of the Marketplace lies the online platform (<http://www.ngomarket.org.ua/>), which, in the long run, should allow financial transactions or at least lay the ground for actual financial transaction involving the vouchers.

During the reporting period, ISAR in cooperation with Pact has significantly improved the web-portal, amending it with new features and sections. Now the average monthly number of visitors amounts to 2,117, out of which 1,248 are returning visitors and 868 are new ones.

The number of the registered entities (including individual users, NGOs, and service providers, both individuals and institutions) has also constantly grown. As of July 31, 2013, there were 1,248 registered entities on the portal, which is 75 more than in June 2013. Out of them, 586 were individual users, 400 NGOs, 127 NGO service-providers, 129 individual service-providers (experts), and 6 donor institutions. Over 620 tenders were announced through the web-platform since its launch

So far, the web-platform users largely focus on the posted tender announcements, rather than active search of service providers and/or improving providers' profiles. However, unlike the most popular web-resources for NGOs in Ukraine, which support this pattern of users' behavior, NGO Marketplace portal is promoting active interaction among the website users. With this goal in mind, ISAR introduced a number of new features inspired by social networks, such as groups and friend lists.

3. *Marketplace offline events:*

In 2013, together with ISAR, Pact launched a new format of Marketplace offline events – Capacity Development Forum. The Forum became a unique platform for implementers and practitioners from a variety of organizations to discuss significant issues for organizational development of NGOs, as well as exchange information, ideas and best practices, modern tools, techniques and approaches in capacity development.

“Usually we NGOs conduct such events just for one civil society sector, and this is just great that you bring so many creative NGOs from completely different ‘worlds’”

The First Capacity Development Forum conducted in November 2012 hosted over 400 participants, 230 NGOs, 56 volunteers and entertainers, 49 parallel workshops, presentations, and discussions. The Forum focused on presentation of the new products that are going beyond usual fundraising and strategic management trainings and aim to introduce some specific technical knowledge that are missing from the supply side of the market. The [Forum website](#) is aimed to continue numerous of discussions around organizational development until the next off-line Forum in 2013.

For the first time in Ukraine, an event of this type managed to attract such a number of participants and NGOs interested in development and strengthening of their organizations. Most participants came from regional NGOs and invested their own money in travel and lodging expenses, which did not happen before. Moreover, Forum attracted most of international donors and mobilized financial and other support from several main donors (USAID, SIDA, UNDP, Mott Foundation). The video about the First Capacity Development Forum is available at <http://www.youtube.com/watch?v=UU55H02vzek>

The Forum gave an impetus to another important platform, the Capacity Development Community of Practice (CD COP). aimed to build consensus around the future direction of NGOs capacity development. The CD COPs bring together capacity development practitioners from different sectors, including business, NGOs and donors; to discuss innovative approaches, needs and urgent issues of organizational development in Ukraine. The meetings gave an opportunity to Ukrainian practitioners, providers and NGOs to meet international CD practitioners Dr. Alla Heorhiadi, Distinguished Service Professor at the University of St. Thomas; Matt Reeves, Global Director of capacity development department, Pact; Jan Van Ongevalle, Research manager development cooperation, HIVA/KULeuven.



During the reporting period, eight CD COPs brought together over 150 CD practitioners, service providers and service users. ISAR Ednannia has also used CD COP platform to begin preparations for the II CD Forum. The participants of CD COP meetings brainstormed possible new formats of the upcoming forum, designed draft program, and compiled a list of topics and OD issues.

4. Ensuring sustainability of the Marketplaces

CD Marketplace has managed to sustain financially the system of capacity building and continues to work in this direction. Financial resources are coming from international donors and projects funded by them. The spending is mostly done to refill the funds for pool of vouchers.

In FY13, ISAR also reached an agreement to develop cooperation with the private business Metinvest. As of now, ISAR is negotiating the participation of Metinvest in the voucher system and Capacity

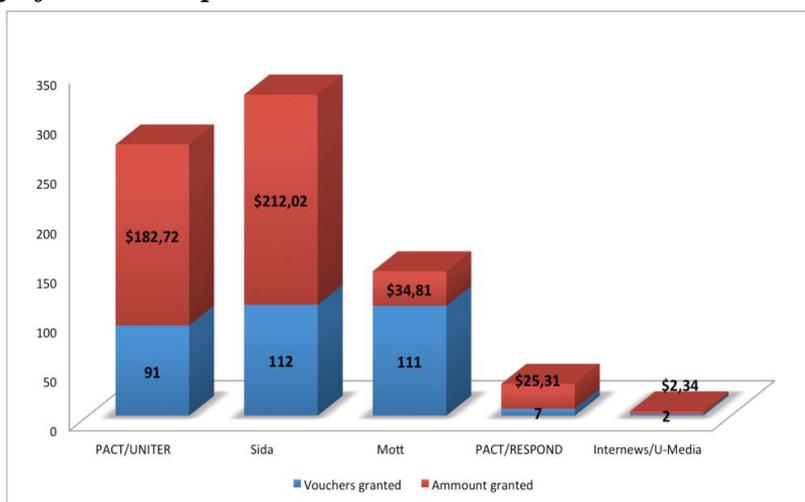
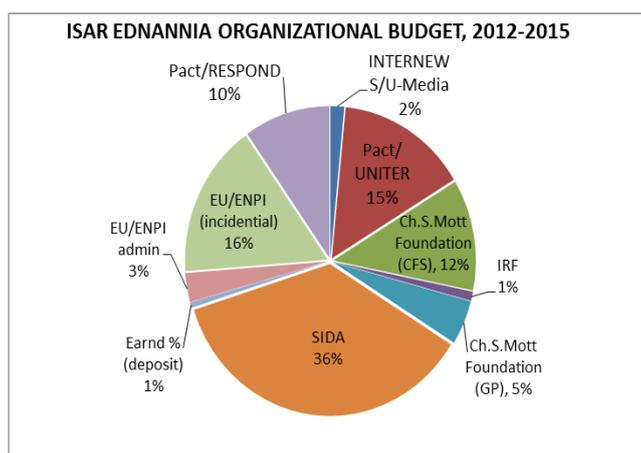


Figure 10: Vouchers distributions by donors and amounts granted in the period January 1, 2012 – July 31, 2013

Building Forum.

In FY13, ISAR successfully passed international A-133 audit in 2013, and a system audit conducted by SIDA consultants in 2012. Based on the results of A-133 audit, ISAR was recommended for direct USAID funding. Joint efforts of Pact and ISAR secured support for Marketplace from the Mott Foundation (\$30,000 for voucher pool) Swedish International Development Agency (SIDA) (\$770,000 for voucher pool and promotion of organizational development culture for 2012 – 2014), Internews Network (\$30,000 for voucher pool); Pact's USAID/RESPOND project (\$210,000 for technical voucher's pool and upgrading of Marketplace portal for HIV organizations). Pact continues to promote the Marketplace among other donors, such as UNDP, IRF and the EU



\$1,348,312.00 overall donor's buy-in to the Marketplace for Jan 2012 – Nov 2015 from Pact (UNITER/RESPOND); SIDA; Mott; Internews.

Delegation.

In order to sustain functioning of the CD Marketplace its [management and governing structures](#) were reviewed in FY13. The current governance and management structure consists of three actors: Steering Committee, Advisory Board, and Marketplace Management Body.

Steering Committee

Steering Committee acts as a forum of donors interested in capacity development for NGOs in Ukraine and support for the CD Marketplace. This committee will define strategies for the Marketplace, ensuring its transparency, quality of services, and financial sustainability. Other functions of the Committee include:

- review results achieved by the management, as compared to the Marketplace mission and annual and long-range goals;
- annually assess the ever-changing environment and ensure the responsiveness of the Marketplace strategy;
- ensure that the financial structure of the organization will adequately support its current needs and long-range strategy;
- provide candid and constructive criticism, advice, and comments;
- review and approve the annual financial goals;
- approve major policies;
- ensure synergy where is possible.

Steering Committee (5-15 members).

Current members of the board include donors of the marketplace:

USAID, SIDA, Pact/UNITER, Pact/RESPOND, Internews (U-Media project), Ch.S.Mott Foundation

At the moment the Steering Committee consists of the representatives of the following institutions: Pact/UNITER project, Swedish International Development Cooperation Agency (SIDA), Pact/RESPOND project, Internews, Ch. S. Mott Foundation.

Advisory/Expert Board

Advisory Board 5-15 members

Currently includes the following members:

CCC, UKU, Dobrota Foundation, European Institute of psychology and law, UCCG, CIPE

The Advisory Board consists of representatives of service providers and capacity development practitioners. The main role of the Advisory Board is to develop recommendations to the Steering Committee, as well as to the Marketplace management, on introduction of new services, directions of Marketplace development, trends and approaches in organizational development. The Advisory Board might proceed in the format of the CD Experts Club, COP other formats. The Advisory Board consists of representatives of Ukrainian Centre for Common Ground, European Institute of psychology and law, Internews, Counterpart Creative Centre, Institute of leadership and Management of Ukrainian Catholic

University.

Marketplace Management Body

NGO Marketplace is mainly implemented by ISAR team. Some of the activities can be outsourced, e.g. IT, web-portal upgrade, introduction of new online services. The Marketplace Management Body consists of the NGO Marketplace Director and three Supervisors that coordinate the work of the three components of the Marketplace, namely the online platform, the Voucher System and the off-line capacity development initiatives.

During the reporting period, ISAR organized and conducted initial meetings of Steering Committee and Advisory Board. During the meetings, ISAR presented the current [achievements of the CD Marketplace](#) and its [management and governing structures](#). The participants discussed and approved the regulations on Steering Committee and Advisory Board, suggested by ISAR. The next meetings of the Marketplace governance bodies are planned on September 2013.

Objective 4: Civil society organizations are more financially sustainable and less dependent on foreign donors. (25%)

Activity 4a: Civic-private partnerships

Financial sustainability of the civil society is a cross-cutting theme and priority across UNITER projects. All UNITER partners are encouraged to cooperate with various stakeholders, including business and government.

1. Create enabling environment for Corporate Social Responsibility (CSR) development

Три глобальні вигоди від запровадження Національної політики з КСВ



conducted the round table “National CSR Strategy as a Step towards Euro-Integration” to deliver the message about the costs of non-adoption of the strategy. The event was supported by the Presidential Administration, the Ministry of Foreign Affairs of Ukraine and the Ministry of Economic Development and Trade of Ukraine. In the framework of the National Convention on the EU-Ukraine issues. The parties agreed with the Ministry of Economy to cooperate on improving the draft to reach the top standards and on its further promotion.

In November 2012, CSR Center hosted its third, already traditional, *CSR Marketplace*. CSR Marketplace is unique format of informal business-to-NGO communication, inspired by European experience. In 2012, the event gathered 30 NGOs and businesses that presented their social projects and practices, and over 500 guests. The highlight of this year’s CSR Marketplace was the award ceremony for the best non-financial reports among businesses and best community projects. Moreover, this year, CSR Marketplace resulted in six successful partnerships between business and NGOs.

In FY13, CSR Center also continued its *Corporate Volunteering Week* initiative. The event allows corporate staff “donate” their professional skills to NGOs and helps civil society establish useful connections with business. This year, the activity took place in three cities (Kyev, Lviv, and Dnipropetrovsk) and involved over 100 representatives of civil sector. Through participative workshops, 13 corporate volunteers shared the skills that NGOs require to build successful partnerships with businesses, such as PR, communication, marketing, and promotion of their projects and ideas. The volunteers invested 42 hours of their time to re-connect with the NGOs and fortify the platform for their further cooperation.

Furthermore, *CSR Media Contest* was organized to raise awareness about CSR and CSR national policies in different media. Representatives of electronic, print and television media in Ukraine, students majoring in journalism at Ukrainian universities, and members of journalists’ associations who have published articles and / or produced stories, reports or other materials on CSR in Ukrainian media were eligible to apply. In the course of the contest, 23 journalists from Kyiv,



Center for CSR Development (CSR Center) has further promoted *National CSR Strategy*, an important strategic document. To streamline initiation of CSR practices in Ukraine, the NGO joined efforts with Maksym Latsyba, an advocacy expert from Ukrainian Center for Independent Political Research (UCIPR). In the framework of its advocacy work, CSR Center conducted events involving different stakeholders, in particular National Institute for Strategic Studies, the NGO’s new partner. Together, they

Zhytomyr, Lviv, Dnipropetrovsk, Donetsk, and Luhansk regions submitted 38 entries for the contest. The winners were selected in four nominations and announced on March 29.³⁸

Activity 4b: Fund and reward public-private partnerships

During the fifth year of the project implementation, UNITER, in partnership with Ukrainian Philanthropists Forum (UPF), developed an action plan for institutional strengthening of philanthropy sector in Ukraine and is currently finalizing a new grant award.

In September 2012, UPF launched an advocacy campaign to incorporate the recommendations on development of Ukrainian philanthropy in the National Civil Society Development Strategy. UPF conducted a comprehensive study of Ukrainian philanthropic sector and developed a White Paper, in which it identified necessary policy changes. In addition, UPF conducted meetings on the links between philanthropy and education, health, culture, and sports. During these discussions, experts from charitable organizations, and government (Ministry of Health, Ministry of Education, Ministry of Culture) defined the major issues that need to be addressed to improve the stance of philanthropy in these areas. The conclusions of each meeting were reflected in a report and were used for development of the White Paper, which was later discussed with charitable foundations in Ukraine and published.

Since 2012, advocacy has been the top priority for UPF. In October 2012, UPF launched three advocacy campaigns under UNITER support, aimed at:

- changes to the Resolution #223 of the National Bank of Ukraine regarding charity;
- promoting the recommendations to the Ministry of Health to establish Public Steering Committees at state healthcare facilities;
- decreasing the tax rate or its complete elimination for charitable SMS; and

Advocating for *changes to the Resolution #223*, UPF aimed to solve the problem posed by the interpretation of the concept of “Internet acquiring” in the Resolution #223, according to which donations collected by charities could be considered a form of income, resulting in the necessity to pay income tax, which, in its turn, might create a risk of losing the non-profit status.

UPF conducted a number of working meetings with representatives of various banks and charity organizations (e.g. the Klitschko Brothers Foundation, the First Investment Bank, Ukrsibbank, Unicredit Bank and the Ukrainian Charity Exchange) to define the required modifications. UPF also reached out to the National Bank of Ukraine and the Independent Association of Ukrainian Banks and in May 2013 partook in a meeting of the Committee on Banking Infrastructure and Payment Systems of the Independent Association of Ukrainian Banks.³⁹ After the discussion, the members of the Independent Association of Ukrainian Banks contacted the National Bank of Ukraine requesting a clarification which would allow banks to provide Internet acquiring services to charities and other non-profits. In addition, UPF also published an article called

³⁸ http://csr-ukraine.org/everyday/_2.html

³⁹ <http://www.nabu.com.ua/ukr/komiteti/komitet-z-pitan-bankivskoyi-infrastrukturi-ta-platizhnikh-sistem/rishennja-komitetu/70212/>

‘Ukrainian Charity in the Internet: Why the System Does Not Work’ in the popular *Dzerkalo Tyzhnia – Ukraina* weekly (No. 25, 201)⁴⁰.

As a result of these efforts, on July 4, 2013 the National Bank of Ukraine replied (letter ref. No. 25-311/7967), “non-profit organisations have a right to collect charity donations using the Internet/payment terminals and payment cards” and that “banks may conclude contracts with non-profit organisations on the provision of services for collecting charity donations online using payment cards, taking into consideration the particularities of such organisations”. The National Bank of Ukraine also clarified that until Resolution No.223 is harmonized with the Law “On Payment Systems and Money Transfer in Ukraine”, it should be applied in accordance with the norms of this Law. Therefore, Ukrainian financial institutions can now freely provide Internet acquiring services to Ukrainian charity foundations and other non-profit organisations in accordance with the current law.

As the further step in this advocacy campaign, UPF is going to send a letter to the Independent Association of Ukrainian Banks asking to provide the list of Ukrainian financial institutions providing Internet acquiring service; prepare a guide for charity foundations explaining how they can use Internet acquiring in their activities; and conduct a workshop for representatives of charity foundations and organizations.

To advance the ***approval of the recommendations of the Ministry of Health to establish Public Steering Committees*** at state healthcare facilities, UPF prepared a number of documents on the activities of Steering Committees in Ukraine and submitted them for consideration to the Ministry of Health through the Public Council under the Ministry. Several working meetings with stakeholders were held to promote the model of Steering Committees at healthcare facilities. This issue was also discussed at the 5th International Conference of the Ukrainian Philanthropists Forum “Philanthropy: Acting Accountably, Transparently, Publicly” (February 21, 2013). In April, UPF, jointly with the Public Council at the Ministry of Health, conducted a peer learning event to examine the experience of organizing the activities of Steering Committees at healthcare facilities in Ukraine and to present successful practices for mobilizing resources and ensuring transparency in using charity aid. Additionally, UPF held a discussion with representatives of the Ministry of Health in July, and published a manual titled “The Steering Committee at the Healthcare Facility: How to Establish It and Effectively Organize It Work.”

Implementing the campaign on ***decreasing the tax rate or its complete elimination for charitable SMS***, UPF conducted meetings with different carriers (Life:, KyivStar, MTS), following which the companies agreed to send their representatives to the working group for preparing legislative amendments on SMS messaging. UPF also contacted the National Commission for the State Regulation of Communications and Informatization and independent experts asking for their help in preparing necessary draft amendments to the Ukrainian laws regulating the taxation of text (SMS) messages. On March 22, 2012 a meeting was held to discuss the problem of taxation of charitable SMS messages, at which the National Commission voiced their support for the advocacy campaign. Moreover, UPF studied public opinion in the issue through a survey on its website and published an article in *Dzerkalo Tyzhnia - Ukraina*

⁴⁰ <http://gazeta.dt.ua/socium/ukrayinska-blagodiynist-v-interneti-chomu-ne-pracyuye-sistema-.html>

weekly No. 19 (2013).⁴¹ In addition, to promote international best practices in the field, UPF conducted a round table discussion April 2013, where the director of the Bulgarian Donors Forum shared her experience.

Based on the example of DMS, a Bulgarian charity SMS donation system, UPF developed the draft of All-Ukrainian Mobile Platform “Charitable Text Message” and drafted the bill “On Amendments to Some Legal Acts of Ukraine in Connection with the Introduction of the All-Ukrainian Mobile Platform ‘Charitable Text Message’ to create a legal framework for the introduction of the platform. Next, UPF is going to submit the bill for the endorsement to the Ministry of Finance, the Ministry of Social Policy, the Ministry of Incomes and Fees, the Ministry of Culture and the State Administration on Regulatory Policy Issues and Development of Entrepreneurship. After this, UPF will promote the draft law among the general public, submit the bill to the parliament and advocate for its adoption.

Finally, UPF began to advocate for the *integration of the White Paper into the National Strategy for the Development of Ukrainian Civil Society* even before the White Paper was published. In particular, the NGO promoted the clauses improving legislation on volunteering, reducing the tax rates for targeted charity aid and individual charitable donations, and creating a favorable regulatory environment for the delivery of social services by charity organisations, including those funded from the State Budget (social order). So far, UPF has held a number of meetings with representatives of the Presidential Administration and the Ministry of Social Policy to discuss these issues.



On February 21, 2013 the Ukrainian Philanthropists Forum presented its new program ‘*Corporate Donors Club*’ and conducted the first meeting of the Club as a section of its 5th International Conference ‘Philanthropy: Acting Accountably, Transparently, Publicly’. The section, titled ‘Philanthropy of Business: It is Easy to Be Transparent’, focused on the role of the business sector in ensuring transparency and accountability in charity work. The section attracted representatives of such businesses, as UkrSibBank, BNP Paribas Group, the Ernst and Young Company, Corporate Foundation of the First Investment Bank ‘Open Hearts of Ukraine’, Poland Donors Forum and ‘Silver Coin’ Charity Project.

During the project period, UPF organized three more meetings of the Corporate Donors Club, discussing international trends and best practices in the sector, corporate volunteering and an investment into the personnel, and corporate foundation as a model of corporate social responsibility. Although its UNITER-supported project has ended, UPF is going to continue with the development of the Club and is planning to conduct more meetings in the fall 2013.

On July 5 2013 the Ukrainian Philanthropists Forum conducted the *final conference “Philanthropy in Ukraine: from Good to Great”* to present the results of the project and to publicly discuss the steps required for



⁴¹ <http://gazeta.dt.ua/socium/sms-blagodiynist-chi-zapracuyue-sistema->

creating a favourable legal environment for charity in Ukraine. The conference attracted 110 participants, including a number of representatives of the government and the parliament. The discussion focused on the issues which UPF had advocated. In addition, UPF presented the latest National Rating of Philanthropists and held an award ceremony for the winners of the related contest, which involved 59 contestants.

Activity 4c: Facilitate access to sub-national government funding through services contracting

Ukrainian Philanthropists Forum (UPF) has advocated for the provisions improving the legislative environment for the delivery of social services by charitable organizations, including those funded by the state (social contracting). These provisions were included in the White Paper, developed by UPF. The NGO has advocated the inclusion of the White Paper into the National Strategy for the Development of Ukrainian Civil Society. As of the day of the submission of this report, the negotiation between UPF and Presidential Administration and the Ministry of Social Policy were still in progress.

Activity 4d: Enhance local business engagement through community funds

Under its program for Community Enhancement Centers in Crimea, Pact supported engagement of local businesses in community funding. Five Community Enhancement Centers engaged business in funding their local development projects. Pact has assisted CECs in finding partners among businesses and government, for example, Pact negotiated with various businesses that might be interested in partnership with CECs in the future.

The close cooperation of CECs with local government and business helped to raise over UAH 770,000 (USD 95,000) for local communities, for the projects aimed at reconstruction of school and medical centers, environment and recreation, agriculture, social support and healthcare. Also, Sovetskiy Community Enhancement Center (CEC) established official partnership with MTS, one of the major cellular carriers in Ukraine. In December 2012, MTS became a partner of the UNITER-supported [“Family Medicine in Sovetskoe” project](#).

III. OTHER ACTIVITIES

1. Reflection on key components of the project

In the last year Pact has taken a closer look on its achievements to date. Pact has used external experts to assess the level of development of civil society in particular field where it interacted. In particular Pact's activities included:

- Assessment of the civil society enabling environment – Together with ICNL and ECNL Pact has reviewed the current state of the enabling legislative environment, looked at Pact's contribution to it and defined further priorities for development in this field (Annex 9).
- Assessing the demand and supply for policy research – Together with IRF and Think Tank Fund, Pact has conducted polling and in-depth interview of think tanks and their stakeholders from government, business and civil society. The results of this research were presented at a conference in March 2013 (Annex 7).
- Assessing foreign policy sector capacity – with the help of consultant Pact looked closely at the foreign policy sector, NGOs that are active at this area and their ability to influence policy (Annex 6).

- Crimea program assessment – with the help of CCC and using its own staff capacity Pact looked closer at the changes that happened in Crimea as a result of program implementation (Annex 5).
- Sectoral leaders’ assessment – Pact Global Capacity Development Director, together with Pact Ukraine staff, assessed Pact’s key partners ability to influence the environment and adapt to the current trends. Together with the NUPAS assessment, this helped present a comprehensive picture of Pact’s achievements in strengthening capacity of the advanced organizations (Annex 3).

The results of these assessments were widely shared and discussed with stakeholders and will serve as a basis for future strategies for civil society actors.

2. Integrating gender in its activities

Pact has strived to promote gender equity in all its work. Pact ensures equal participation in its programs and ensures that the policies that its partners advocate target both men and women. The reforms advanced by Pact’s partners, such as land reform, ensuring of access to public information, achieving government’s accountability, and promoting European integration, are aimed to improve the life of all citizens of Ukraine, despite their gender.

Pact also ensures that its partners incorporate gender in their activities. For instance, in the course of their programming, CHESNO campaign made sure that both men and women received their messages, especially in the rural areas. In this way, the campaign addressed the current situation in Ukrainian society, where men are typically more politically active and, thus, were more likely to engage in the campaign, whereas involving was more challenging. Additionally, a number of Capacity Building Vouchers were issued to the organizations dealing with gender-related issues.

3. UNITER’s promotional resources

Pact takes the lead in the discussions in the sectors where it works and utilizes a variety of tools to ensure its leadership role. Through its promotional resources, Pact also reinforces the leading positions of its local partners in the sector. The tools which Pact uses to promote its approaches among the international community and local civil society include:

- Weekly updates on the major project achievements, distributed to over 300 representatives of donor organizations and almost 300 members of local NGOs. Disseminated widely among the key stakeholders, this regular communication brief helps inform them and coordinate their actions, especially on the key advocacy initiatives.
- Newsletters are sent once or twice a month to over 2,000 recipients, representing grassroots activists, members of NGOs, and donor institutions. The publication provides an overview of the most significant project activities and informs about the upcoming events and calls for proposals.
- Regular policy updates – Pact regularly produces updates on the key issues advocated by its partners. So far, Pact has prepared updates on land reform, public procurement, civil society election-related activities, access to public information, and enabling environment for civil society, just to name a few. These updates summarize the latest developments in the sector, describe international donors’ interventions, identify possible challenges for the future activities, and suggest the ways to address them.

- Donor coordination – Pact has assumed a flagship role in coordinating donors’ efforts. In FY13, Pact has actively engaged in the coordination of land reform, anticorruption, access to public information and election donor discussion. Pact has also ensured better coordination of efforts between its partners and donor community. CHESNO briefing for donors can serve as an illustration of these efforts. The event explained the logic of the campaign to the funders, what challenges the activists faced, and how they addressed them. These discussions help all stakeholders reach their development goals in Ukraine.