

# COUNTERPART ALLIANCE FOR PARTNERSHIP

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Counterpart  
International



Counterpart  
Creative Center



Christian Children's  
Fund



International Center For  
Not-For-Profit Law



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*Helping people turn challenge into success*

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## FIRST QUARTERLY REPORT

19 MARCH - 30 JUNE 1997

## COUNTERPART ALLIANCE FOR PARTNERSHIP

- I. COUNTERPART INTERNATIONAL
- II. INTERNATIONAL CENTER FOR NOT-FOR-PROFIT LAW
- III. SALVATION ARMY WORLD SERVICE OFFICE
- IV. CHRISTIAN CHILDREN'S FUND
- V. ELWYN, INC.

# FIRST QUARTERLY REPORT

19 MARCH - 30 JUNE 1997

## A. PURPOSE

The purpose of the Counterpart Alliance for Partnership (CAP) in Ukraine and Belarus is:

*To develop and strengthen the capacity of indigenous NGOs to provide social services to vulnerable groups, to actively and effectively advocate for and influence public policy on behalf of citizen's interests, as well as to improve the legal and regulatory environment governing the NGO sector.*

## B. ACTIVITY HIGHLIGHTS (BY PROGRAM OBJECTIVE)

**Objective 1: DEVELOP AND STRENGTHEN INDIGENOUS NGOS IN UKRAINE AND BELARUS TO PROVIDE SOCIAL SERVICES**

**Objective 2: DEVELOP AND STRENGTHEN NGO ADVOCACY SKILLS AND EFFECTIVENESS**

For both Objective 1 and Objective 2, start-up activities, networking, and NGO needs assessments dominated the first quarter of program implementation. The primary activities included:

### A. PROGRAM ADMINISTRATION <sup>1</sup>

#### 1. HIRING OF PERSONNEL

- Terry Leary, CAP General Director (Chief of Party), was hired on 19 March 1997.
- Hugh Orozco was hired as the Chief Financial Office for CAP on 11 June 1997.
- Sergei Obyerkovych, Office Manager, was selected in June and hired in July 1997.
- Irina Ivtchenko was hired for one of two Program Monitor positions.

#### 2. NEGOTIATIONS WITH SUB-GRANTEES AND CONSULTANTS

Counterpart International entered into a sub-grant agreement with each of its three PVO partners, Elwyn, Christian Children's Fund and SAWSO, as well as with ICNL and the Counterpart Creative Center in Ukraine. The sub-agreements outline areas of authority and responsibility, reporting procedures, monitoring and evaluation guidelines, and grant/sub-grant compliance issues.

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<sup>1</sup> For more details, please see the CAP Workplan submitted in July 1997.

Four Belarusian and 10 Ukrainian Representative/Trainers were hired as consultants with a 60% time commitment to this program.

### **3. ESTABLISH CAP REGIONAL HEADQUARTER OFFICE**

The regional headquarter offices were fully renovated and equipped in June. The Counterpart Alliance for Partnership is located at:

34 Lesya Ukrainka, Blvd.  
Room #508 and Room #505  
Kiev 252133 Ukraine  
Tel: (38044) 296-9484, 296-9481, 296-9483  
Fax: (38044) 295-5314

The office officially opens on July 25, 1997 in a ceremony with Greg Huger, USAID Mission Director, and other distinguished guests and colleagues.

### **B. NEEDS ASSESSMENT**

In April and May, Counterpart and the partner agencies designed a needs assessment questionnaire to collect relevant data on NGOs, targeted constituent groups, and the operating environments for NGOs in Ukraine and Belarus. Following the design of the questionnaires, the partners briefed the Representative/Trainers on their target sector, the needs assessment questionnaire, and outreach and dissemination techniques which could be used to collect the necessary data.

In May and June, over 500 NGOs were identified through the CAP needs assessment process, roughly 350 of those were prospective candidates for the Broad NGO Support component. To insure that CAP selected the most qualified, dedicated, and pro-active NGOs in each region, Representative/Trainers dedicated approximately 2 hours to each NGO for needs assessment interviews, site visits, and follow-up questions to beneficiaries, other organizations, and government officials. The end result provided Counterpart with a well-rounded and balanced picture of the activities, needs, and capabilities of each of the NGOs surveyed — facilitating both the selection process and program design. Ninety-seven NGOs were selected to participate in the Broad NGO Support component.<sup>2</sup>

### **C. CONFERENCE IN POLAND**

On 24-25 May, Ms. Leary attended the Warsaw conference entitled "Towards Civil Society in Belarus. The Present and Future of the Belorussian Third Sector" to provide CAP with a better understanding of the challenges faced by Belarusian NGOs. During the conference, Ms. Leary had opportunities to introduce the new initiative to and establish relationships with a broad audience of NGOs, PVOs, and donors active in Belarus.

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<sup>2</sup> For a complete listing, please see the Counterpart Alliance for Partnership workplan.

## C. PROJECT IMPACTS

The program has already generated a lot of interest and excitement from NGOs and donors alike. Throughout the first quarter of the program, the CAP office received numerous calls from NGOs, PVOs, and donors interested in the future activities of the Alliance. The input received was used to identify NGOs for the Needs Assessment and to discuss coordination and cooperation for program implementation with other service providers and donors. CAP will participate in one or two organizing committees established at the donors meeting to organize the NGO fair and to develop strategies for advocacy and other initiatives to generate Parliamentary support for the Third Sector.

## D. ISSUES AND/OR CHALLENGES AND CONSTRAINTS

### START-UP ACTIVITIES

The activities in the first quarter were mainly focused on setting up the office, hiring staff and meeting all the players in the NGO arena. This has been a very time consuming assignment but most of the start-up tasks are completed. The focus of the program will now be directed to the implementation of NGO activities.

### TRANSPORTATION

The theft of the project vehicle in April caused a number of inconveniences during the start-up phase of the program. Although a police report was submitted and the vehicle was insured, an additional cost burden was placed on the program as CAP now has to hire a driver and a car.

### TAXATION

The tax issues for NGOs in both Ukraine and Belarus are overwhelming. At the time of the proposal, most International NGOs were not paying the high taxes assessed for social benefits for local employees. To comply with the Ukrainian law, the CAP budget will be adjusted for the following federal employment taxes in Ukraine: 12% to the Chernobyl Fund, 37% for Pension/Social Development Fund, and others. The implications for the Belarus program will be noted in next quarter's report after a Regional Office Manager is hired.

Although the Ukrainian Parliament may consider passing a new draft law on taxation in the next session, there is little hope for the Belarusan government to change its tax policy in the near future. CAP will keep USAID abreast of any changes in the tax policy and any implications those changes would have on program implementation.

### NGO SERVICE PROVIDERS

Through outreach and coordination activities, CAP has found a number of services targeting Ukrainian NGOs to be a duplication of effort. In some areas, the NGO community appears to be fragmented and unwilling to share information as many of the organizations are vying for the same resources. CAP will take a proactive role to help coordinate efforts between international and local service providers to maximize resources available to the NGO community.

## E. LESSONS LEARNED

### COUNTERPART CONSORTIUM FOR CENTRAL ASIA

Ms. Leary's trip to Almaty was to glean lessons learned, implementation strategies, and innovations from a working NGO Support program similar to the CAP program. The lessons learned were very useful for this program. Among the modifications made for this program was the co-location of Consortium partners to foster increased coordination, cooperation, and a team approach to program implementation.

The process to solicit private donations for the Central Asia Corporate Challenge Grant program was very insightful. The role of the Chief of Party was critical to the success of the program. While this method worked quite well, the CAP program will serve more as a facilitation mechanism to build relationships between the corporate sponsors and the NGOs themselves. This approach will help NGOs build long-term partnerships with corporations for community-based development programs.

Ms. Leary also met with the Regional Training Director to discuss ways of sharing information and content for training and capacity building activities.

## F. PROJECT CHANGES

### STAFFING

During the first quarter of program activity, CAP revised the staffing structure from the original proposal based on availability of proposed staff and the implementation, monitoring, and outreach needs of the program. The resumes for CAP's key staff were submitted and approved by the USAID mission in Kiev.

One of the primary changes in the staffing structure was the creation of two Program Monitor positions. Instead of hiring a computer specialist, CAP has hired a Program Monitor to improve the responsiveness to and monitoring of NGOs and satellite offices in the regions. The Program Monitors will visit Seed Grantees on a regular basis to provide technical assistance, conduct on-going needs assessments, and to monitor the seed grants. To date, only one Program Monitor has been hired. The second will be hired, if necessary, after the disbursement of the first seed grants.

CAP originally planned to hire three Representative/Trainers for Belarus, but after studying the needs of the community, four RTs were hired.

### SEED GRANTS

The first request for proposals for the Seed Grant program will be issued in July. To qualify for a grant, CAP will request Ukrainian NGOs to contribute a 25% in-kind or financial match for their proposed program. In Belarus, a smaller contribution will be required. The contribution can include voluntary workers, in-kind or donated space, services, and/or equipment use. This will help the NGOs identify their available resources and increase their awareness of financial and programmatic sustainability issues.

## G. COORDINATION AND COOPERATION

### USAID

CAP worked in close partnership with USAID throughout the first quarter to develop implementation strategies, approve personnel changes, discuss the collection and results of the needs assessment data, review training schedules, and other implementation issues.

### CAP PARTNERS

Counterpart organized several meetings with the partner agencies in the United States and Ukraine to develop strategies for the program. Through these meetings, CAP was able to develop a cohesive and effective team approach to program implementation and administration. The partners developed cross-sector training seminars and other joint initiatives. For the needs assessments, the partners jointly designed the questionnaires which were then administered primarily by CAP's Representative/Trainers. Based on the assessment analysis, CAP planned the first training of trainers program, business luncheon, and NGO training programs in Project Design and NGO Management.

### NGOS AND DONORS

The General Director attended and presented the CAP program at donor meetings in both Belarus and Ukraine, the Eurasia Journalist conference, to directors of the Eurasia-funded Resource Centers, international and local NGOs, and other potential partners. The Representative/Trainers have also made presentations to NGOs and others in their regions. These meetings are essential to the coordination of NGO support initiatives in the region.

CAP and United Way are in the process of creating a Memorandum of Understanding for activities in Belarus to limit overlap, maximize scarce resources, and increase program impacts. Some joint activities include cooperation on the newsletter and sharing Representative/Trainers.

In L'viv and Kharkiv, CAP will co-locate satellite offices with NGO Resource Centers in the areas to increase coordination, share program and financial resources, and improve the cost-effectiveness of regional activities for NGOs. CAP will also share the results of the needs assessments and coordinate training programs with other organizations as appropriate.

### SEED GRANTS IN BELARUS

Due to the excessive rates of taxation and other policy concerns in Belarus, CAP is looking into various options for the distribution of seed grants. One of the more promising strategies may be to use UNDP as a pass through mechanism to minimize CAP's liability on the grants as well as the tax burden on NGOs.

CAP has also begun preliminary talks with the NGO advisory board in Belarus to pre-screen NGO grant applications.

## H. COST-SHARE & LEVERAGING

Christian Children's Fund is renting space in the CAP office for their UNICEF program. The rent, an average of \$250 per month, is worth approximately \$5,000 for the life of the program. CCF bought an extra computer and will rent the conference room and driver when needed.

## I. PROJECTED ACTIVITY STATUS FOR NEXT QUARTER

1. Finalize Memorandum of Understanding with United Way in Belarus.
2. Hire Belarus Director.
3. Hire Satellite Office Directors.
4. Complete analysis of needs assessments and select targeted NGOs.
5. Finalize the three month training calendar.
6. Announce request for proposals.
7. Form the pre-screening committee for proposals and the deciding external board.
8. Negotiate and award at least 10 grants for the broad NGO support component in Belarus and Ukraine.
9. Sponsor a grants management workshop for all grantees.
10. Complete at least 22 training workshops, in Ukraine and Belarus (Level I and Level II).
11. Conduct a training of trainers workshop.
12. Develop at least 20 personalized training plans for selected NGOs (the rest will be completed in subsequent quarters).
13. Conduct needs assessments for material support for selected NGOs and submit requests to CHAP.
14. Host a businessmen's luncheon to promote the Corporate Challenge Grant program.
15. Work with other donors and NGOs on a NGO Fair/Forum to be held in November.
16. Meet with current Peace Corps Volunteers to work on coordination issues. There are Volunteers assigned to the NGO Resource Centers who, through cooperation with CAP, will be able to help design and carry out strategies that can bridge differences in the NGO community.
17. Attend all donor meetings in Belarus and Ukraine.
18. Visit at least 25 selected NGO including Belarus and Ukraine.

## ATTACHMENTS

Training of Trainers Calendar  
Project Design Calendar (July-August)  
NGO Management Calendar (August - November)

## TOT SCHEDULE 1997-1998

	Training courses	Trainer	1997			1998			
			Aug.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
1	Monitoring and Evaluation*	Alexei Kuzmin from Moscow	11-15 Kiev						
2	Team Building/Motivation	Jeremy Condor or US/European		10-14 Kiev					
3	Building Community Support	Jeremy Condor or US/European		10-14 Kiev					
4	Participatory Rural Appraisal	Robert Chambers and/or Central Asian							
5	Networking and Coalition Building partnerships**	ICNL or Dusan Ondrusek							
6	Work with Mass Media	Burson-Marsteller							
7	Maintenance of Database	Ukrainian trainer							
8	Filing and documentation tracking	Ukrainian trainer							
9	Advocacy and Lobbying	Advocacy Institute or NDI/IRI							
10	Accountability and Transparency	Dusan Ondrusek or Eastern Europe trainer							
11	Marketing/Social Marketing	from Russia							

\* - funded by Mott Foundation

\*\* - funded by CAP /ICNL

SCHEDULE ON PROJECT DESIGN TRAINING FOR JULY-AUGUST 1997  
UKRAINE - BELARUS

	REGION	JULY 21-22	JULY 24-25	JULY 28-29	JULY 31 AUG 1	AUGUST 4-5	AUGUST 7-8
<b>UKRAINE</b>							
1	Zakarpattya Ivano-Frank Chernivtsi						
2	Rivne Ternopil Khmelnysky					Ternopil Bardyn Matusyak	
3	Vinnytsya Zhytomyr						
4	Lviv Lutsk				Lviv Vyshnyak Bardyn		
5	Donetsk Lugansk						Lugansk Korzh Negreeva
6	Crimea					Crimea Pavlov Vyshnyak	
7	Kiev Chernigiv Sumy	Kiev Logginova Tarasenko	Kiev Tarasenko Glazsheyn				
8	Cherkassy Kirovograd						
9	Kharkiv Poltava			Poltava Prokopenko Tarasenko			
10	Odesa Mykolayiv Kherson				Odesa Pavlov Logginova		Mykolayiv Vyshnyak Pavlov
11	Dnipropetr. Zaporizhzhya			Dnipropetr Koval Kazachkovs	Zaporizhya Koval Kazachkovs		
<b>BELARUS</b>							
1	Gomel Minsk obl (south)					Gomel Kravtsova Logginova	
2	Brest Grodno					Brest Negreeva Kuley	Grodno Kravtsova Kuley
3	Mogilev Vitebsk						Mogilev Glazshteyn Logginova
4	Minsk Minsk obl (north)			Minsk Bardyn Korzh			

SCHEDULE ON NGO MANAGEMENT FOR AUGUST-NOVEMBER 1997  
UKRAINE - BELARUS

	REGION	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER
<b>UKRAINE</b>					
1	Zakarpattya Ivano-Frank Chernivtsi				
2	Rivne Ternopil Khmelnysky				Ternopil 3-5 Matusyak Vyshnyak Bardyn
3	Vinnytsya Zhytomyr			Vinnytsya 15-17 Matusyak Bardyn Vyshnyak	
4	Lviv Lutsk		Lutsk 24-26 Vyshnyak Matusyak Kuley		
5	Donetsk Lugansk			Donetsk 6-8 Negreeva Kazachkovska Koval	
6	Crimea		Crimea 17-19 Pavlov Negreeva Kazachkovska		
7	Kiev Chernigiv Sumy	Kiev 20-22 Logginova Tarasenko Korzh		Kiev 1-3 Logginova Prokopenko Tarasenko	Sumy 1-3 Logginova Korzh Bardyn
8	Cherkassy Kirovograd				Kirovograd 3-5 Tarasenko Koval Prokopenko
9	Kharkiv Poltava				Kharkiv 10-13 Tarasenko Negreeva Prokopenko
10	Odesa Mykolayiv Kherson			Mykolayiv 8-10 Pavlov Bardun Logginova	
11	Dnipropetr. Zaporizhzhya		Zaporizhzhya 29-1 Kazachkovska Koval Negreeva		
<b>BELARUS</b>					
1	Gomel Minsk obl (south)	Gomel 27-29 Kravtsova Vyshnyak Kuley			
2	Brest Grodno		Brest 29-1 Vyshnyak Kuley Kravtsova		
3	Mogilev Vitebsk			Vitebsk 1-3 Glazhteyn Tarasenko Korzh	
4	Minsk Minsk obl (north)				Minsk 10-13 Korzh Glazhteyn Kravtsova

COUNTERPART ALLIANCE FOR PARTNERSHIP  
QUARTERLY REPORT - INTERNATIONAL CENTER FOR NOT-FOR-PROFIT LAW  
UKRAINE

**A. PURPOSE**

*The purpose of the Counterpart Alliance in the Ukraine is:*

*To develop and strengthen the capacity of indigenous NGOs to provide social services to vulnerable groups, to actively and effectively advocate for and influence public policy on behalf of citizen's interests, as well as to improve the legal and regulatory environment governing the NGO sector.*

*The purpose of the International Center for Not-for-Profit Law ("ICNL") program component is:*

To assist in the creation of a supportive legal and regulatory environment for NGOs.

**B. ACTIVITY HIGHLIGHTS (BY PROGRAM OBJECTIVE)**

**OBJECTIVE 1**

To provide technical assistance to promote a legislative and regulatory framework that enables NGOs to grow and thrive.

*Results Indicators:*

(See ICNL Workplan submitted July 30)

UKRAINE ACTIVITIES

- *Needs Assessment/Baseline Data Collection:*

ICNL has previously completed the necessary assessment of the legal environment by analyzing Ukrainian law relating to NGOs and has spoken with its partners in Ukraine to determine the NGO sector's needs. This process has included the collection of Ukrainian law and the collection of proposed draft legislation.

- *Technical Assistance:*
  - A. The Commission on Science and Culture requested ICNL to prepare comments to the draft law on Charitable Activities and Charitable Organizations. Such comments were provided to the Commission in May 1997.
  - B. ICNL reviewed the second edition of the draft Law on Civic Organizations and provided comments to the chief drafter, Dr. Tkatchuk, who agreed to make the suggested changes before submitting the law to the Parliament for the first reading.
  
- *Materials Provided by ICNL to POID and other Interested Parties:*
  - 1) "Handbook on Good Practices for Law Relating to Non-governmental Organizations" prepared for the World Bank by ICNL;
  - 2) "The Role and Purpose of the Not-For-Profit Sector" prepared by ICNL;
  - 3) Regulatory Principles for Civil Society;
  - 4) *Select Legislative Texts and Commentaries on Central and Eastern European Not-for-Profit Law*;
  - 5) "Tax Treatment of Not-for-Profit Organizations: A Survey of Best Practices from Around the World";
  - 6) "The Blueprints Project";
  - 7) "The Role of Public Organizations in Democratic Society";
  - 8) Economic Activities of NPOs;
  - 9) Estonian Laws on Foundations and Associations;
  - 10) The Law of the Czech Republic on Public Benefit Companies;
  - 11) Privatization of Social and Cultural Services in Central and Eastern Europe: Comparative Experiences; and,
  - 12) other relevant training materials.

## **OBJECTIVE 2**

To undertake educational and training projects to increase in-country capacity on NGO legal issues.

### *Results Indicators:*

(See ICNL Workplan submitted July 30)

### UKRAINE ACTIVITIES

- *Training Session:*

In April at the POID office, together with Ms. Valentina Telichenko and Svitlana Drobushcheva, Mr. Klingelhofer and Ms. Amodeo led a seminar with

NGOs on legal forms provided in the new draft law on Civic Organizations of Ukraine. Among other issues discussed were registration of different legal forms and reporting requirements on the activities and finances for each form.

- *Documents/Publications Produced:*

At the request of Mr. Tkachuk, ICNL prepared an article «The Role of Civil Organizations in Democratic Society» which has been translated into Ukrainian by POID.

### **OBJECTIVE 3**

To develop projects promoting public trust, transparency, and democratic governance structures through self-regulation of the NGO sector.

#### *Results Indicators:*

(See ICNL Workplan submitted July 30)

### UKRAINE ACTIVITIES

- *Meeting with local NGOs and other meetings:*

1. ICNL's primary partner, Pylyp Orlyk Institute for Democracy ("POID"), organized most ICNL meetings during the April business trips to Kiev. Together with POID, ICNL identified the top priority issues to be discussed at these meetings.
2. During their trip to Kiev, Mr. Klingelhofer and Ms. Amodeo met with:
  - a) Mr. Antoliy Tkachuk, Executive Director of the Institute of Civil Cooperation, Director of the Legal-Executive Relations Working Group, Parliamentary Development Project. He is one of the drafters of the Law on Civic Organizations. ICNL provided him with comments on the second version of the draft law on Civic Organizations;
  - b) Mr. Vlad Kaskiv, Civil Society Program Coordinator and Mr. Oleksander Sydorenko, Head of Civil Society Department of the International Renaissance Foundation with whom Mr. Klingelhofer and Ms. Amodeo discussed their proposal of creating a legal databank;
  - c) Mr. Markian Bilynskyj, Director, Ms. Svitlana Drobushcheva, Program Director and Ms. Valentina Telichenko, Program Director of "POID" with whom Mr. Klingelhofer and Ms. Amodeo discussed possibilities for the future cooperation between ICNL and POID;

- d) Mr. Vasyl Kostitsky, Professor, Deputy-chairman of Law Policy and Legal-judicial Reform Committee of the Verhovnaya Rada (Parliament) of Ukraine;
- e) Ms. Halina Freeland, Director, the Ukrainian Legal Foundation;
- f) Ms. Natalia Melnyczuk, Project Manager of the Parliament Development Project for the US-Ukraine Foundation;
- g) Mr. Igor Smolyak and Ms. Ludmila Zadorozhnya, Department of Legal Expertise at the Verhovnaya Rada (Parliament) of Ukraine;
- h) Bohdan Maslych, Director, Resource Center "Gurt"; and,
- i) Terry Leary, Chief of Party, CAP, Counterpart/Kiev.

#### **OBJECTIVE 4**

To address legal issues relating to NGO-government partnerships, particularly in the area of social service delivery.

#### *Results Indicators:*

(See ICNL Workplan submitted July 30)

#### UKRAINE ACTIVITIES

- A. During the April 1997 seminar (See Activity Description under Objective 1), the relations between the government and NGOs were discussed, such as registration of different legal forms, reporting requirements on the activities and finances for different forms of NGOs.
- B. ICNL discussed legal issues relating to NGO-government partnerships during meetings with NGO representatives and government officials, for example, with Mr. Anatoliy Tkachuk, Executive Director of the Institute of Civil Cooperation, and others (See Activity Description under Objective 3.)
- C. The following materials provided by ICNL to POID and other interested Parties addressing the issues on NGO-government relations:
  - Privatization of Social and Cultural Services in Central and Eastern Europe: Comparative Experiences;
  - Handbook on Good Practices for Law Relating to Non-governmental Organizations prepared for the World Bank by ICNL; and,
  - Examples of legislation and comments to these legislation representing good practices of operating NGOs as well as relations between NGOs and governments (See Activity Description under Objective 3.)

#### **OBJECTIVE 5**

To foster sustainable networks of individuals and organizations interested in NGO law reform.

*Results Indicators:*

(See ICNL Workplan submitted July 30)

UKRAINE ACTIVITIES

- *Training Session:*

The April seminar for NGOs on legal forms of NGOs and legal forms in other countries was one step towards the development of in-country networks.

**C. PROJECT IMPACTS**

*ICNL's major success in Ukraine was in organizing a joint seminar and discussion of different draft laws by representatives of different drafting groups: POID, Association Integration into European Culture, International Renaissance Foundation, Kharkiv Right Protection Group. The members of these groups agreed to create a joint drafting group to work on a single draft Law On Civic Organizations. This is an important step for creating linkages between NGO organizations and for promoting the development of a greater level of in-country capacity. This cooperative effort may result in future shared efforts to create a better legal environment for the NGO sector.*

**D. ISSUES AND/OR CHALLENGES AND CONSTRAINTS**

**The Civil Sector.** One challenge for the reforming of the legal framework comes from the Ukraine Civil Sector. The civil sector is divided into groups and each of these groups has a leading NGO. This is positive in one respect because it creates healthy competition. At the same time, it is more difficult to create joint efforts of different groups of NGOs. This is especially true in the development of the joint draft law on Civic Organizations since each group has developed its own draft of the NGO law.

**The Draft Law.** While the draft Law on Civic Organizations is not finalized, a more specific draft Law on Charitable Activities and Charitable Organizations has gone through its first reading. The Law on Charitable Activities and Charitable Organizations will bring very limited improvement of NGO legal environment without the more comprehensive Law on Civic Organizations. In discussions with the chief parliamentary sponsor of the latter draft, Prof. Vasyl Kostytsky, and others, it seems clear that the appropriate process (combining two drafts or at least incorporating cross-references to coordinate their provisions) is unlikely prior to passage.

**Parliament.** Parliament is in the midst of enacting the segments of a new tax code, which will eliminate most tax preferences. Legislative experts, as well as the Tax Inspector's Office (naturally) were not encouraging about the likelihood of enacting any NGO-friendly tax legislation this session, or even next. However, as an important feature of our general effort to inform political leaders on international principles for establishing a sound NGO legal and fiscal framework, we will continue to press for tax preferences, especially for "public interest" NGOs.

In May 1997, the draft Law On Charitable activities and Charitable Organizations was not considered by the Verhovnaya Rada (Parliament) for a second reading because the draft was not yet considered by the Commission of Finance and Banking Questions which had to consider the State Budget prior to any other draft laws.

**Elections.** In addition to some of the difficulties discussed above, such as simultaneous adoption of laws, ICNL must be aware of at least one overarching political factor: the fall session of the Parliament will be dominated by the elections. This might affect the terms of implementation of the workplan in the sense that legislative initiatives may be put on virtual hold during the elections.

#### E. LESSONS LEARNED

**Programmatic.** We were advised by our local partners to slow down ICNL's activities during the summer. Because the Parliament is not in session the effectiveness of our actions will be less. During the summer months, ICNL will be in contact with its local partners and will provide them with legal assistance according to their request. ICNL will prepare fall activities coordinating these activities with CAP partners, local partners and The US-Ukraine Foundation.

**Management.** At the request of USAID-Washington, ICNL developed a rating system in conjunction with USAID to be used in Central and Eastern European («CEE») projects. This rating system has since proved useful as a tool for evaluating program effectiveness and for setting long-term program goals. As such, this system has been put to use in countries outside the CEE, such as in Ukraine (see ICNL workplan submitted July 30).

#### F. PROJECT CHANGES

**Personnel:**

- 1) Jamila Amodeo, ICNL's Program Officer for the NIS, has left ICNL to pursue an L.L.M. at Georgetown.

- 2) Natalia Bourjaily, ICNL's Program Director for NIS, began work in June and will be responsible for all ICNL projects in the NIS. Ms. Bourjaily is an accomplished Belorusan attorney, having practiced Corporate and Commercial Law for several years in the NIS. Ms. Bourjaily has worked with ICNL in the past as an independent consultant.

**Strategy:**

Program Director for NIS, Natalia Bourjaily, has adopted the ICNL/USAID rating system for use in the CEE for Ukraine and Belarus. This system will be used in assessing the legal environment, evaluating program effectiveness, and the setting of target goals.

<b>G. COORDINATION AND COOPERATION</b>
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- Pylyp Orlyk Institute is the main partner of ICNL in Ukraine. After a long discussion with Pylyp Orlyk Institute for Independent Development (POID) it was agreed that POID would remain an appropriate partner for certain aspects of the planned program for ICNL. POID is well connected in the Parliament and government, and has been awarded a significant USAID grant to become active in local government-NGO relationships. The major problems arising from POID's activities is its relative unpopularity with many other strong NGOs and the difficulty of working with some of their staff. However, we believe these obstacles can be overcome through continued direct contact with their local director, and supplementing the POID partnership with other organizations (such as UNHCR, Soros, Eurasia foundation, the Parliamentary Development Project (PDP), GURT Renaissance foundation, Tkachuk's group of lawyers and regional NGOs in Odessa and elsewhere). We will also keep in close touch with the US-Ukraine Foundation here, which apparently has influence over POID.
- At the POID office, together with Ms. Valentina Telichenko and Svitlana Drobushcheva, Mr. Klingelhofer and Ms. Amodeo led a seminar with NGOs on legal forms provided in the new draft law on Civic Organizations of Ukraine.
- During May-June 1997, ICNL worked on the development of the Year One Work Plan for Ukraine coordinating its activities with its local partners: POID and the lead drafter of the draft Law On Civic Organizations, Mr. Tkachuk.

## H. COST-SHARE & LEVERAGING

Mr. Klingelhofer (ICNL Vice-President) and Ms. Amodeo (former ICNL Program Officer for the NIS) traveled to Ukraine during April at the expense of the grant issued by C.S. Mott Foundation. This trip was a continuation of the comprehensive assistance on the reformation of legal framework which ICNL provided in Ukraine within the project funded by C.S. Mott Foundation from September 1, 1997 through April 30, 1997.

## I. PROJECTED ACTIVITY STATUS FOR NEXT QUARTER

*The activities listed in the following table represent both on-going and single-point-in-time activities. In addition, activities are listed which may not take place in the next quarter. These activities are dependent on the passage of specific legislation and will be undertaken at the appropriate time.*

TABLE I.I - ICNL ACTIVITIES

<u>The Scope of Activities</u>	<u>Time of Accomplishment</u>	<u>Circumstances, which effect the timing</u>
<i>Legal assistance to NGOs</i> and lawyers through providing written comparative information and in-person advice.	Starting from April 1, 1997 until March 31, 1998.	We will continue to provide written legal materials and provide legal advice communicating by mail, e-mail, phone and fax according to the request of our partners.
<i>Press conference</i> for the media with the lead drafter of the Law On Civic Organizations and the Chairman of the Legal Reform Commission of the Parliament.	The end of September – October, 1997.	
<i>One day seminar for NGO representatives</i> about the draft law On Civic Organizations.	The end of September – October, 1997.	
<i>Individual working meetings with government officials</i> , deputies and international consultants assisting in drafting the NGO “status” law and tax law.	The end of September-beginning of December 1997.	We are planning to conduct these working meetings during the fall session of the Verhovnaya Rada when tax provisions are being drafted and draft laws are passing readings.
<i>One day seminar for NGOs and government officials</i> on registration, governance issues, and other “status” provisions.	After the draft law on Civic Organizations is scheduled for its second reading (fall, 1997 or spring 1998).	While we expect that the law On Civic Organizations will be adopted during fall session, it will depend on the Parliament.
<i>Training of Trainers</i> for NGO leaders from different regions of Ukraine on the implementation of the NGO law and “status” issues: registration, governance, etc.	After the draft law on Civic Organizations is scheduled for its second reading (fall, 1997 or spring 1998).	See the above reasoning.

**Attachments:**

1. *Baseline Analysis of Legislative Framework in Ukraine.*
2. Article prepared by ICNL “The Role of Civil Organizations in Democratic Society”.

## BASELINE ANALYSIS OF LEGISLATIVE FRAMEWORK IN UKRAINE

The legal framework regulating civil society in Ukraine consists of several components. Article 36 of the Constitution states that "Citizens of Ukraine have the right of association to political parties and public organizations . . ." Interestingly, this provision recognizes the right of association only with regard to two formal structures: political parties and public organizations. It fails to recognize the crucial importance of protecting the freedom of individuals to meet, associate and organize group action without forming a political party or a "public organization." The freedom guaranteed in the Ukrainian constitution is therefore more limited than that provided in the International Covenant on Civil and Political Rights. The Ukrainian formulation is even more restrictive than that contained in the Russian and Tadjik constitutions.

Because of these constitutional deficiencies, it is tremendously important that the subconstitutional legal framework adequately protect and encourage the development of the NGO sector in Ukraine<sup>1</sup> At present, the 1992 "Law on Citizens' Associations" (1992) forms the primary legal structure for the sector. This law is supported by a series of edicts, decrees and temporary regulations. Complicating matters, a regime of specific laws governs particular types of organizations (such as educational organizations, consumer associations, youth public organizations, etc.), and decrees and provisional regulations establish rules for charitable funds.

There are a number of problems with this legislation, which are described in the appended ICNL report entitled, "Legislation of Ukraine Governing the Not-for-Profit Sector." The following highlights primary problems with the existing legal framework:

- Many rules governing the sector are contained in decrees, edicts and temporary regulations which are promulgated by an executive agency of government, such as the Cabinet of Ministers or the Minister of Justice. Since these rules are not contained in legislation enacted by Parliament, they are easily revoked or amended, which creates an unstable legal environment for NGOs.

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<sup>1</sup> The translation of Article 36 also states that all public organizations must be treated equally. As written, this provision suggests that it would be impermissible to deny tax preferences to a public organization of card players if a public organization helping the blind receives tax benefits. This outcome is clearly unreasonable, and subconstitutional legislation should make it clear that there must be a rational basis for distinguishing between public organizations (for example, whether the NGO serves a mutual or public benefit).

- The existing framework is cumbersome and complicated. More than 20 laws, decrees, orders and regulations govern the sector. It is often difficult for citizens to pierce this legal web, which impedes the development of the sector.
- There are severe implementation problems. For example, during our assessment visit, we learned that a customs official was improperly refusing to release goods that an NGO imported duty-free until the NGO could produce a letter of authorization from the Cabinet of Ministers. We also learned that some tax officials deny tax deductions because they simply do not believe that a corporation provided a contribution to an NGO, even though the corporation has written evidence of the donation. These problems arise from inadequate training, distrust of the sector, and ambiguous provisions of law that can be construed restrictively.
- The legal framework fails to create appropriate incentives for the financial sustainability of the sector. While certain categories of NGOs do not pay profit tax on donations, they generally must pay profit tax derived from income-generating activities. This is true even if the income-generating activity is related to the purposes of the organization (for example, an association of the blind selling walking canes). This creates particular problems for social service providing NGOs that must rely on user fees to sustain their operations. In response to similar concerns, ICNL has helped other countries in the region, including the Czech Republic, develop legislation appropriately regulating social service NGOs.
- Compounding this problem, legislation fails to provide adequate tax incentives for corporate giving; tax incentives for individual contributions are virtually non-existent. Moreover, it is difficult for NGOs to receive VAT preferences.
- A complex and cumbersome three-level registration system poses a practical barrier to expansion of the sector. Ad-hoc application of registration rules and the lack of access to legal assistance has a further chilling effect on the creation of new NGOs.
- The legislative framework effectively limits the ability of NGOs to engage in public advocacy and political activities.
- Internal governance is inadequately addressed. The law does not foster democratic governance structures, nor does it address issues of conflicts of interest and self-dealing.

*Pending Legislative Initiatives and the Need for Comparative Materials, Technical Assistance, and Coordination.*

Consensus exists within the NGO community that the legislative framework must be revised. See, for example, the "Manifesto of the Building Civil Society Conference" (Odessa, 23-26 June 1996) and the "Memorandum of the All-Ukrainian Seminar of NGOs and Charitable Foundations" (Kiev, 30 Oct. - 1 Nov. 1995). Legislative activities have been initiated by "Third Sector," the Association "Integration into European Culture," the Pylyp Orlyk Institute, private lawyers in and out of Kiev (including Sergei Kozyakov who has worked with Counterpart), and others. In addition, a number of international funders and organizations are interested in these issues, including C.S. Mott Foundation, the Eurasia Foundation, the International Renaissance Foundation, and the European Foundation Center. ICNL has made contact with all of these key players, and all have expressed interest in working with ICNL to strengthen the NGO legal framework.

We have also learned that lawyers associated with "Third Sector" have prepared a draft law on "Charitable Activities and Organizations". We understand that many NGOs in Ukraine have not had an opportunity to review the draft. Nonetheless, we understand that it was passed its first and second readings in Parliament. Yuri Shkarlat, Executive Director of "Third Sector," expects the draft to be approved by the plenary session of Parliament in late September or October.

A primary problem with this draft is that it follows the Russian model, in which umbrella legislation is amplified by an array of individual laws, decrees and orders. Experience in Russia has shown that this approach tends to create an impenetrable web of rules and regulations for citizens seeking to establish NGOs. The rules are cumbersome and complex, requiring specialized training to establish and operate an NGO within the bounds of law. A further problem is that government officials can use these sorts of rigid rules to place disfavored NGOs into bureaucratic mazes.

An alternative is to follow the traditional approach of having two or three general laws governing status issues (registration, regulation, permissible activities, and dissolution) supplemented by tax legislation. This approach is the norm in the United States, Western Europe and East/Central Europe.

Our Ukrainian contacts were particularly interested in models from East/Central Europe, particularly the Czech Republic, Hungary, Poland, Estonia, and Bulgaria. Because ICNL has been involved since the inception of these projects, ICNL (with the assistance of volunteers and Board members from the region) is uniquely suited to explain the meaning, motives and social-political-legal context of these initiatives. Based on these long-standing relationships, we have unique access to government officials and experts from East/Central Europe who could assist with the Ukrainian drafting effort, under the auspices of ICNL.

The sector in Ukraine has remarkable human resources and skills, but they are not coordinated. For example, some NGOs have solid political connections (such as "Third Sector" and "Pylyp Orlyk"). Others have deeper understanding of NGO law (for example, Sergei Dvoryak of the Association "Integration to European Culture" in Odessa). Still others are experts on technical drafting issues (for example, Sergei Kozyakov, a lawyer associated with Counterpart). Clearly, if these resources were harnessed, tremendous results would be achieved.

Unfortunately, the sector's efforts are currently disjointed. However, at the June 1996 meeting in Odessa, three separate working groups were empowered to begin work draft legislation. As a result of their joint effort the law on Civic Organizations was drafted. We expect this draft to be considered by the Parliament during its fall session in 1997.

During the assessment visit, ICNL was informed that organizational rivalries make it impossible for an indigenous organization to serve in this coordinate capacity. Instead, we were told that ICNLs technical expertise and rapport makes it uniquely suited to form coalitions and consensus around NGO legal issues.

The government of Ukraine has canceled existing limited tax incentives for charitable foundations and humanitarian aid organizations. In the October 15, 1996 Decree President Kuchma canceled the Decree On Tax Benefits on Donations Made by Physical and Legal Entities, August 12, 1995. This substantially reduced amount of grants given to Ukrainian NGOs by international funders. On December 17, 1996, a Decree of the President cancelled all customs tax benefits provided for humanitarian aid goods.

Parliament is in the midst of enacting the segments of a new Tax Code, which will eliminate most tax preferences (through certain NGOs are apparently still included in the enterprise tax law as exempt). Legislative experts, as well as the Tax Inspector's Office were not encouraging about the likelihood of enacting any NGO-friendly tax legislation during spring and fall Parliament sessions in 1997. However, as an important feature of our general effort to inform political leaders on international principles for establishing a sound NGO legal and fiscal framework, we will continue to press for tax preferences, especially for "public interest" NGOs.

## THE ROLE OF CIVIL ORGANIZATIONS IN DEMOCRATIC SOCIETY

*Jamila Amodeo*

Throughout the region countries have started to develop laws governing the third sector<sup>1</sup>, which is neither governmental nor part of the commercial sector. Accordingly, there are many types of organizations which would classify as both non-governmental and noncommercial, including: political parties, religious organizations, trade unions, associations of women, charitable organizations, foundations, societies, etc.

This paper will concentrate on public organizations which have common goals, but different organizational structures.<sup>2</sup> We will discuss two classic forms of public organizations: associations and foundations, as well as a relatively new form - institutions.<sup>3</sup> Because of certain historical and specific purpose features, political parties, religious organizations, and trade unions need separate legislation and will not be considered here.

Public organizations have as their main goal serving the interests either of their own members or general public. Thus, we can classify public organizations into two groups: public benefit/charitable and mutual benefit organizations. One feature of any public organization is that neither public benefit nor mutual benefit organizations may distribute their revenues among members, but instead must use them for the realization of their charter goals.

Provisions for the establishment of three forms of public organizations: associations, foundations, and institutions is not intended to eliminate other types of public organizations. Social clubs, museums, societies, and educational associations, for example, undoubtedly fit into one of above forms and such organizations do not need forms of their own.

### **Part I: Reasons why government should stimulate the growth of the public sector:**

There are several reasons which will be discussed further in this paper why it is in government's interest to foster the development of the public sector. Economic reasons include: efficiency, limitations of market offers, and support for free market. Social and political reasons include: freedom of speech and assembly, pluralism and tolerance, social stability and the rule of law.

#### A. Economic

##### I. Efficiency.

Local public organizations providing social services in most cases are more efficient than big government agencies which provide similar services. There are two primary reasons why public organizations realize greater cost savings than government: 1) staffing by volunteers; 2) competition among public organizations for funding.

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<sup>1</sup>In different countries around the world several terms are used to identify the third sector: noncommercial, nonprofit, non-governmental, civic sector, public organizations. To avoid confusion, we would like to use the term public organizations, which is used in the draft law and defined in the constitution of Ukraine.

<sup>2</sup> This division of organizational structure is a feature of civil law countries. In common law countries structural classification does not exist and the main criteria is the purpose and activities of public organizations.

<sup>3</sup> The term of Institutions is used in the Russian and Ukrainian Laws, in the Czech Republic a similar form is called "public benefit corporations." In Hungary this form is called "...."

For example, a rescue group "SOS", which currently operates in Ukraine, has both professional and volunteer rescue specialists. SOS has developed a good reputation among the public by providing services to the residents in the neighborhood free of charge. Only a small paid staff of 20 is needed to coordinate the work of the group's 130 volunteers. In contrast, the Ministry of Emergency Aid, the government agency established to do the same kind of activities utilizes a much larger staff with more bureaucratic procedures, at a significantly higher cost.

## ***2. Limitations of Market Offers***

Even with the government and the private sector responding to citizens needs, not all needs will be met. In some cases, public organizations are better able to identify and meet these needs.

For example, one organization in Tajikistan, the Section of the Foundation for Support of Citizens Initiatives (SFSCI), provided a much needed service at a time when the government was not capable and the private sector was not interested. The SFSCI developed two specially designed devices for the purification of water; one for use in hospitals, schools, and large buildings; and one for use in individual houses. This service was especially crucial under conditions of an ongoing civil war.

## **B. Social and Political Reasons**

### ***1. Pluralism, tolerance, and social stability***

If different segments of society are legally allowed to form public organizations, it is a clear demonstration of that society's tolerance for pluralism. In addition, permitting different minority groups to form organizations provides them with a peaceful way to express their concerns, thereby avoiding possible explosions of suppressed dissatisfaction. In Ukraine there are a variety of different ethnic backgrounds: Ukrainians, Russians, Polish, Jews, etc. All of them should be allowed to organize in order to observe and preserve their traditions and languages.

In Romania, for example, the presence of Hungarian national organizations has provided a peaceful means for one minority group to organize and express itself.

### ***2. Privatization of public properties and services***

During times when the governments of the CIS can no longer provide social services and the population is in need, there are local public organizations which can undertake the activities of government institutions.

Hungary, the Czech Republic, and Russia all have laws which create a special legal form resulting from the privatization of government owned service institutions for nonprofit purposes.

### ***3. Additional Reasons***

There are additional reasons why the government should be interested in promoting a strong, civic sector, which cannot be addressed fully here. These include:

- Freedom of associations and speech
- Laws permitting the development of the public sector providing employment, particularly for former state employees;

- providing a means of attracting additional sources of funding besides from the government, including from the private for-profit sector and international organizations;
- a strong, civic sector has knowledge of the market and is better equipped at researching the needs of the public.

## II. Government - Civic sector relations

### A. *How can governments help develop public organizations?*

There are some possible ways of government assistance in developing the civic sector:

- Recognize and guarantee the right of association
- Recognize and guarantee the right of a public organization to undertake lawful activities as indicated in the charter of a public organization
- Establish a unified register of public organizations which would provide information to the public upon need.
- Offer tax incentives for private donors, transfer of assets upon death, and otherwise
- Cooperate in social service programs through contracting with a public organization as well as listening to the needs of the community.
- Provide fiscal support through subsidies and grants awarded to public organizations through competition and transparency.
- Involve public organizations in drafting, operating, and evaluating social service programs.
- Fairly implement the law in cases of registration and request for transparency.

### **Two examples of how the government can support public organizations are seen in Moldova and Hungary.**

1. In the area of citizen participation and public policy, a Moldavian group named Biotica was successful in drafting the law which provided the right to initiate a Public Environmental Impact Assessment (EIA) to any registered environmental public organization or group of at least one hundred citizens. As a result of this draft, officials are obliged to provide a group who has such a right with all information related to a particular environmental project, except for projects which involve state or commercial secrets. All results of the work done by an environmental public organization or a group of 100 citizens must be made public. This transparency promotes public awareness regarding ecological issues as well as possible solutions for environmental problems.
2. In the city of Pecs, Hungary, the local city government, the Educator's Center Association, and United Way International (UWI) DemNet have signed an agreement to implement a program to strengthen the cooperation between public organizations and local government. UWI DemNet will provide \$55,000 in grant money, and the local government agreed to donate a building (free rental) as well as provide operating costs. The building will be used for training, information, and consulting services for public organizations and will be called "The House of the Civic Communities." It will offer space to community associations to help them develop, create and maintain a databank and information services for public organization use.

## ***B. Which government bodies cooperate with public organizations?***

There are several government agencies involved in relations with public organizations. This depends primarily on acquisition of legal status, activities undertaken by a public organization, and tax benefits received by a public organization.

The following are some of the most evident governmental bodies:

### 1. Registering Body

If a public organization is a legal entity, the first ( for acquisition of legal status) and the last ( in case of dissolution) government agency with whom the organization should be in contact is a registering agency. In most European countries these agencies are courts. In the countries of the former Soviet Union, because of established tradition, the registering agency is the Ministry of Justice. In other countries, like the UK (and most recently Russia), if a legal entity wishes to receive status of a charitable organization, it should apply to the special Government - Public Sector body known as the Charity Commission of England and Wales.

### 2. Official government bodies which have the right to give licenses to public organizations

*Permission to certify special types of activities undertaken as a main area of services provided by a public organization.* Usually these are ministries in specific areas, for example, the Ministry of Health, if a public organization is trying to provide medical services to the population.

*Permission to hold a public event, such as demonstration, march, celebration in the areas of public gathering from local executive bodies.* For example, if an ecological public organization wants to hold a march against government policy on limited information on pollution of the air in the cities of Ukraine, it should ask for permission to hold this event in a central part of the city.

### 3. Bodies which request reports

Usually legislation of most countries require reporting *to a registering agency*. In Ukraine, for instance, it would be the Ministry of Justice who would have reports on activities undertaken by a public organization.

*To tax authorities*, if a public organization has charitable status and thus tax benefits.

*To donors*, when a public organization receives a grant for realization for some kind of purpose defined by a donor, the donor may require a public organization to report on the usage of the funds and on the results of a public organization's activities.

### 4. Local Governments

If a public organization wants to privatize a social entity which belongs to a local government, it should come to an agreement with the government on whether the entity will be sold to the public organization or whether it will be simply leased for a period of time.

In Hungary, for instance, a local public organization (in cooperation with the municipal government) sent out questionnaires to municipal officials to help to find areas in which local governments and public organizations can help each other and also to introduce the potential of public organizations in public service delivery.

## **Conclusion**

There is a large number of examples which could be used to illustrate reasons for the governments support of the strong civic sector. If you are interested in learning more about international experience in establishing partnership between public organizations and government bodies please contact International Center for Not-for-Profit Law.

COUNTERPART ALLIANCE FOR PARTNERSHIP  
QUARTERLY REPORT - INTERNATIONAL CENTER FOR NOT-FOR-PROFIT LAW  
BELARUS

**A. PURPOSE**

*The purpose of the Counterpart Alliance in Belarus is:*

*To develop and strengthen the capacity of indigenous NGOs to provide social services to vulnerable groups, to actively and effectively advocate for and influence public policy on behalf of citizen's interests, as well as to improve the legal and regulatory environment governing the NGO sector.*

*The purpose of the International Center for Not-for-Profit Law ("ICNL") program component is:*

To increase the capacity of Belarusian NGOs and lawyers on NGO legal issues, to improve public sensitivity to the rule of law, and to foster sustainable networks that enable individuals and organizations to share experience as they work together to develop civil society.

**B. ACTIVITY HIGHLIGHTS (BY PROGRAM OBJECTIVE)**

**OBJECTIVE 1**

To promote greater understanding of legal issues in the NGO sector by providing assistance on the legal components of trainings organized by other partners of the Counterpart Alliance.

*Results Indicators:*

(See ICNL Workplan submitted July 30)

BELARUS ACTIVITIES

- *Needs Assessment/Baseline Data Collection:*
  1. During a business trip to Belarus, ICNL accomplished the goal of the trip: to collect data for the assessment of the NGO legal framework in Belarus and establish good grounds for cooperation with local lawyers and NGOs.
  2. INCL accomplished the Legal Environment Assessment and the One Year Workplan coordinating it with the activities of its local partners.

## **OBJECTIVE 2**

To provide technical assistance, legal advice and comparative information to NGO leaders and lawyers in order to strengthen in-country capacity, thus developing a more effective NGO sector.

### *Result Indicators:*

(See ICNL Workplan submitted July 30)

### BELARUS ACTIVITIES

- *Meeting with local NGOs:*

During our trip to Minsk we met with the following Belorusan NGOs:

- 1) Elena Tonkacheva, Director, The Independent Society for Legal Research ("ISLR"). ISLR is a public association, which provides free legal services to NGOs and is working on draft NGO law. ICNL has cooperated with the director and leading lawyer of this center since 1992.
- 2) Mr. Alexander Vashkevich, Executive Director of the Belorusan Center for Constitutionalism and Comparative Legal Studies. He was interested in drafting a new NGO law with ISLR. He asked ICNL to provide him with some comparative analysis and NGO laws of other countries.
- 3) Mr. Vintsuk Viachorka, Vice-Chairman of Belorusan Popular Front "Adradgenne" and the leader of Association of Public Organizations. Mr. Viachorka is also one of the leaders of the Belorusan National Front. He was interested in developing an educational program for NGO leaders and representatives with the participation of ICNL experts.
- 4) Mr. Aleg Lasmakoy, one of the leaders of National Council of Youth Organizations. He was interested in organizing an educational seminar for youth NGO leaders on international reforms in NGO legislation with the participation of ICNL experts.
- 5) Mr. Valentin Borovtsov, Chairman of the Board of the Foundation of Legal Initiatives. He was interested in reviewing and providing his comments to the draft NGO law when it is prepared by ISLR. He also was interested in the future opportunity to cooperate with ICNL.
- 6) Mr. Georgi Kunevich, Chairman of the Board of Social and Economic Association "Our Capital". Mr. Kunevich is working on the draft law "On Self-governance local (municipal) Authorities" and was very interested in information on the mutual effect of cooperation between NGOs and municipal authorities.

During the Warsaw conference "Towards Civil Society in Belarus. The Present and the Future of the Belorusan Third Sector" on the 24-25<sup>th</sup> of May

1997 organized by Stefan Batory Foundation, Natalia Bourjaily met and established contacts with the following Belorusan NGOs:

- 1) The Chairman of public association "Civil Initiatives," Mr. Viktor Kornienko.
- 2) The Director of Grodna regional Association of Young Intellectuals ("VIT"), Mr. Ihar R. Kuzminich.
- 3) The Coordinator of Programs of the Information-Educational Center of Problems in Management, Mr. Miraslav Kobasa.

The above mentioned public resource centers and associations were interested in the joint organization of seminars for local NGOs with participation of ICNL experts on NGO legal reform in other countries, self-governance, taxation and the regulation of economic activities for NGOs. They were also interested in participating in drafting the new NGO law as well as receiving comparative materials from ICNL.

- *Other meetings:*

Elena Tonkacheva of ISLR also arranged and attended the following meetings, which ICNL also participated in the meetings with:

- 1) Mr. Michail Suhinin, Chief of the Department on Registration of Public Associations, Ministry of Justice;
- 2) Mr. Malumov, Chairman of the Commission on Legislation of the Parliament of Belarus;
- 3) Mr. Kotlyarov, Vice-Chairman of the Commission on Human Rights and Ethnic Relations;
- 4) Mr. Sergey Pashkovski, Chairman of the Department of Relations with Public Organizations, Presidents' Administration;

- *Legal and Technical Assistance:*

- A. ICNL provided technical support and in-person legal advice to the group of lawyers from the Independent Society for Legal Research which is currently drafting the new NGO law.
- B. During a business trip to Belarus, ICNL agreed with Elena Tonkacheva, the Director of Independent Society for Legal Research (ICNL's main partner in Belarus) that she will provide legal advice on Belorusan legal matters to all partners of CAP at their request.
- C. During the above mentioned conference in Warsaw, all participants of the conference received written substantive materials about technical assistance that ICNL can provide to Belorusan NGOs in order to improve the legal environment and support legal NGO reform in Belarus.

- *Materials Provided by ICNL to Independent Society of Legal Research:*

The following legal materials were provided to Independent Society for Legal Research:

- 1) Hungarian Draft Law On Public-Benefit Private Organizations;
- 2) Handbook On Good Practices for Laws Relating to Non-Governmental Organizations (Discussion Draft);
- 3) ICNL Publications List;
- 4) Integrity, Good Governance, and Transparency: Rules of Self-Regulation;
- 5) The Checklist for NGO Laws.

### **OBJECTIVE 3**

To train NGO representatives on self-governance in order to develop mechanisms to promote the public credibility of the sector.

#### *Results Indicators:*

(See ICNL Workplan submitted July 30)

#### BELARUS ACTIVITIES

- The legal materials and technical assistance provided by ICNL (See Activity Description B) and C) under Objective 2) laid the groundwork for the development of a mechanism to promote the public credibility of the NGO sector.

### **OBJECTIVE 4**

To support indigenous and regional networks of individuals and organizations interested in NGO law. We also want to introduce them to Ukrainian and East European NGO leaders and legal experts.

#### *Results Indicators:*

(See ICNL Workplan submitted July 30)

#### BELARUS ACTIVITIES

- In-person advise provided by ICNL experts during May meetings with NGO representatives, lawyers and government officials (See Activity Descriptions A); B) under Objective 2) laid the groundwork for establishing indigenous and regional networks of individuals and organizations interested in NGO law. These meetings also help ICNL to identify the needs and problems of the sector so that it will be possible for ICNL to support local NGOs through

providing them the proper type of assistance including advise provided by NGO experts from other countries.

### C. PROJECT IMPACTS

ICNL collected data for the assessment of the NGO legal framework in Belarus and established good grounds for the cooperation with local lawyers and NGOs.

### D. ISSUES AND/OR CHALLENGES AND CONSTRAINTS

- A. *NGO/Government Relations.* The current relations between NGOs and the government are very sensitive. One of the reasons for the existing situation is that in the government's opinion most opposition groups are registered as public associations. This prejudice affects the whole NGO sector.
- B. *Strategy.* ICNL prepared The Request for Additional Funding that was filed with the Counterpart/Kiev office. The meeting of donors took place in June 1997 at the US Embassy in Minsk and considered our request. According to the Chief of Party, Terry Leary, some donors were interested in our request, but some changes need to be made to put it into compliance with the US Policy Statement declared by the US State Department.
- During May trip to Belarus, Ms. Bourjaily and Ms Leary also had a meeting scheduled with the US Ambassador in Belarus, but unfortunately this meeting was canceled by the Embassy. This meeting would be useful for ICNL in planning its activities in Belarus.
- C. *President Decrees.* In the current situation, the lack of developed NGO legislation is not the only obstacle which stops the development of Belorusan NGO sector. The President's decrees have effect over the laws creating an unpredictable and restrictive legal environment.
- D. *Russian Model.* In addition, currently the Belorusan government is in the process of unifying its legislation with Russian legislation. It has chosen to follow the Russian legal framework for NGOs. This is not the best model. ICNL will inform NGOs and lawyers about other, better practices in the region in order to strengthen their position in initiating legal reforms in Belarus.

## E. LESSONS LEARNED

*Strategy.* During ICNL's May trip to Belarus, our local partner organized meetings with the government officials where ICNL participated together with its local partners. During these meetings we saw that some of government officials realized the necessity for legal changes and we identified the opportunity for our partners to develop NGO legal reforms. ICNL will provide technical assistance and training to support legislative initiatives of local NGOs.

At the same time ICNL will support the existing legal initiative of the local lawyers to reform the existing legal framework. There were some NGO resource centers and active groups of lawyers who were seeking information on NGO legislation in other countries during our trip to Belarus in May 1997. ICNL plans to work with NGO representatives so that when the appropriate moment arrives they can begin work on NGO legal reform activities. It is important to begin this process now, since it will take time to develop this capacity. This sort of approach proved useful in Slovakia and Albania, and seems appropriate for Belarus.

These are the reasons why we have to balance our priorities between developing legal grounds for the future legal reforms and increasing in-country capacity of the NGO sector through improvement of self-regulation and knowledge of the NGO sector on "status" and taxation matters. In addition, to comply with the instructions of the US Embassy in Belarus we will minimize direct contact with government officials in our activities in Belarus, and our new proposal will be concentrated on increasing in-country capacity of the NGO sector.

*Management:* At the request of USAID-Washington, ICNL developed a rating system in conjunction with USAID to be used in Central and Eastern European ("CEE") projects. This rating system has since proved useful as a tool for evaluating program effectiveness and for setting long-term program goals. As such, this system has been put to use in countries outside the CEE, such as in Belarus (see the attached "Legal Environment Evaluation Guidelines").

## F. PROJECT CHANGES

*Strategy:*

Following the US State Department Policy Statement regarding Belarus, ICNL has minimized contacts with the Belorusan government officials and eliminated training programs for them replacing these trainings by training a greater number of NGO leaders and lawyers.

**Personnel:**

- 1) Jamila Amodeo, ICNL's Program Officer for the NIS, has left ICNL to pursue an L.L.M. at Georgetown.
- 2) Natalia Bourjaily, ICNL's Program Director for NIS, began work in June and will be responsible for all ICNL projects in the NIS and FSU. Ms. Bourjaily is an accomplished Belorusan attorney, having practiced Corporate and Commercial Law for several years in the NIS. Ms. Bourjaily has worked with ICNL in the past as an independent consultant.

<b>G. COORDINATION AND COOPERATION</b>
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- During a May business trip to Belarus, ICNL met with NGO leaders and lawyers. These meetings helped to establish cooperative relations with lawyers and NGOs. The needs of NGOs in the reforming legal environment and the urgent targets for training were identified. At the request of its local partner, ICNL attended meetings with government officials, members of the Presidents' Administration and deputies of the new Parliament. Meetings with the state officials help to assess the relations between the government, the Presidents' Administration and NGOs. ICNL collected all needed legal materials to accomplish assessment of the NGO legal environment in Belarus.
- ICNL attended the Warsaw conference "Towards Civil Society in Belarus. The Present and the Future of the Belorusan Third Sector" on the 24-25<sup>th</sup> of May 1997, organized by the Stefan Batory Foundation, where representatives of 40 Belorusan NGOs participated. ICNL attended this conference at its own expense with no cost for Counterpart Alliance. ICNL established important contacts with a wide number of Belorusan NGOs and International Organizations which try to support the development of democratic society in Belarus and will try to coordinate its effort with these organizations.
- ICNL coordinates its activities with other international, US and foreign organizations with the similar goals to support the development of democratic society in Belarus. ICNL established relations with the Associate Protection Officer in Belarus for the United Nations High Commissioner for the Refugees (UNHCR), Mr. Christian Mahr, and with the Director of the United Way, Anna Sergeeva. ICNL will coordinate its activity with these organizations. ICNL contacted the liaison officer of ABA CEELI in Minsk Mr. Steve Lebinski and offered to joint efforts in the area of trainings for NGO leaders. During the above mentioned Warsaw conference, ICNL also had meetings with representatives of IREX/Minsk, Netherlands Helsinki Committee and the US Embassy in Belarus. ICNL will keep them informed of its activities in Belarus.

#### H. COST-SHARE & LEVERAGING

- ICNL attended the above mentioned Warsaw conference where representatives of 40 Belorusan NGOs participated. ICNL attended this conference at its own expense with no cost for Counterpart Alliance.

#### I. PROJECTED ACTIVITY STATUS FOR NEXT QUARTER

- ICNL's local partners advised us to slow down the activities in Belarus during the summer months because of the period of vacation. The funding of our program activities will be spending in a more effective way in the fall. July and August we will be using our time to prepare for the fall activities. During the summer months we will continue supporting our partners in Belarus according to their request.
- The activities listed in the following table represent both on-going and single-point-in-time activities. In addition, activities are listed which may not take place in the next quarter. These activities are dependent on the passage of specific legislation and will be undertaken at the appropriate time.

<u>The Scope of Activities</u>	<u>Time of Accomplishment</u>	<u>Circumstances, which effect the timing</u>
Technical assistance to CAP trainings.	Starting from July 1, 1997 until March 31, 1998.	Schedule of technical assistance will be coordinated with workplan of other partners and will be presented at their request.
Legal assistance to NGOs and lawyers through providing written comparative information and in-person advice.	Starting from April 1, 1997 until March 31, 1998.	We will continue to provide written legal materials and provide legal advice communicating by mail, e-mail, phone and fax according to the request of our partners.
One day seminar for lawyers and NGO leaders on legal reforms in other countries.	The end of September-beginning of October 1997.	Organizing both seminars we will take into consideration the timing of when the Belorusan Parliament will start readings of the new Tax Code. We will focus on better practices in NGO taxation and support legislative initiative of the NGO sector. It is expected that the Parliament will start reading at its fault session, possibly, late October.
One day seminar for NGO leaders and representatives on self-governing, existing problems in registration, taxation, economic activities and relations with the government supervising authorities.	The end of September-beginning of October 1997.	See the above reasoning.

**Attachments**

- 1. Assessment of Legal Environment in Belarus.**

## BASELINE ANALYSES OF LEGISLATIVE FRAMEWORK IN BELARUS

The 1994 Law on Public Associations is the primary law governing noncommercial organizations. It governs only membership organizations and does not permit the formation of non-membership organizations (commonly cast as “foundations” in civil law jurisdictions). The law does not distinguish between “public benefit” (charitable) and “mutual benefit” organizations. There is no specific legislation on charities and charitable activities. In addition, there are more than 100 relevant decrees, orders and instructions, which create a nearly inoperable web of regulatory requirements for NGOs.

The law contains the same basic structure as the 1991 All-Union Law on Public Associations. The law does not differentiate between organizations with a public benefit purpose (public benefit organizations or “PBOs”) and those serving the private interest of members (mutual benefit organizations or “MBOs”). The legal framework is ostensibly modeled after the Russian legislation, but there are significant discrepancies, which make it significantly more difficult to form and operate NGOs in Belarus than in Russia. More specifically the assessment revealed that three issues require immediate attention:

- Registration
- Taxation
- Self-regulation

Each of these issues is discussed in detail below.

**Registration.** There is a territorial division applied during registration. Depending on the geographic location of its activities a public association can be registered either with the ministry of Justice, if it operates as a national or international organization, or with local executive bodies, if it operates as a regional or municipal organization. The territorial registration limits the activities of NGOs within the defined region of registration and stops them from expanding their activities to other regions. The Ministry of Justice maintains a register of Belorusan republican and international public associations, which is not open to the public. There are 904 public associations registered by the Ministry of Justice. Local executive bodies also maintain registers of locally registered public associations. The estimated number of local public associations is 740. The registration authorities do not maintain any record of formally registered, but inactive public associations. The total number of public organizations is relatively small. The registration procedure for an NGO is dependent on administrative discretion, very often involving the personal opinion of the government official who conducts the registration. Many representatives of public associations indicated that registration can be delayed for an indefinite period. The Ministry of Justice is currently working on the draft decree On the Registration Chamber, which will carry out registration of all legal entities, including public associations.

Other problems with registration:

- The registration of foreign NGOs in Belarus is restricted. Foreign legal entities or physical persons are not permitted to be the founders of public organization. Foreign

NGOs are only permitted to register representative offices or local branches of foreign organizations once they recruit a minimum of 10 Belorusan citizens to be founders. However, foreign legal entities and physical persons are permitted to enter existing associations.

- Confusion arises when foreign noncommercial organizations want to be registered in Belarus. There are two registering agencies. The Ministry of Foreign Affairs registers representative offices. The Ministry of Justice registers local branches of foreign organizations, once they recruit a minimum of 10 Belorusan citizens to be founders.

**Taxation and Economic Activities.** The situation in Belarus is different from Ukraine and Russia, where some public associations having special privileges abused them and thus caused the government to restrict all tax benefits. The limited amount of tax benefits provided to public associations is difficult to apply. The general tax legislation is applied to all Belorusan legal entities including public associations.

In Belarus public associations are not involved in any economic activities, and there is no clear regulation of these activities. Few tax benefits are available to public associations not engaged in economic activities; for public associations that do engage in economic activities, there are no tax benefits. The following sources of income are free from income tax and VAT: admission and membership fees in the amounts established in the governing documents, grants and donations from local and foreign legal entities and individuals when these grants and donations are used in accordance with the prescribed purposes, and interest from membership fees and donations kept on bank accounts of public associations. Public associations engaged in economic activities must pay tax on profit (the average of 30%) or income tax (the rate is 15%) and value added tax on donations and grants (VAT is 20%). Public associations, which receive donations in-kind from abroad, shall pay VAT at the customs border as well as import duties unless they receive special tax exemption status directly from the President. Local donors are taxed on the amount of grants and donations if given to organizations not listed in the Cabinet of Ministers' list. The limited amount of tax benefits is difficult to apply because of the lack of the clear criteria on how to define economic activity of public associations.

In accordance with the new regulation all public associations as well as all legal entities in Belarus with some exemption are required to sell to the government 50% of the convertible currency received as grants or donations, for Belorusan rubles at a low exchange rate established by the government. This is the way of indirect taxation of legal entities including public associations' grants and donations received in currency.

**Self-regulation.** Issues of self-regulation, transparency, conflict of interest, prohibition of self-dealing are not dealt with in the current law on Public Associations, 1994.

In Russia public associations given preferential taxation status abused these privileges. This caused the government to undertake restricted policy towards public associations in

general. By encouraging understanding of the principles of self-regulation in Belarus ICNL hopes to avoid this situation there.

**General Observations.** The current relations between NGOs and the government are very sensitive. One of the reasons for the existing situation is that in the government's opinion most opposition groups are registered as public associations. This prejudice affects the whole NGO sector.

In addition, the Belorusan government is in the process of unifying its legislation with the Russian legislation. It chose to follow Russia's reformation process of the NGO legislation although there are better practices in the region of Central and Eastern Europe. ICNL will inform NGOs and lawyers about other, better practices in the region in order to strengthen their position in initiating legal reforms in Belarus. Currently the draft Civil Code of Belarus is going through its reading and it is expected that it will be enacted starting of January 1, 1998. The Parliament will start readings of the draft Tax Code after the Civil Code will be adopted.

COUNTERPART ALLIANCE FOR PARTNERSHIP  
QUARTERLY REPORT - THE SALVATION ARMY WORLD SERVICE OFFICE

**A. PURPOSE**

*The purpose of the Counterpart Alliance in Ukraine and Belarus is:*

To develop and strengthen the capacity of indigenous NGOs to provide social services to vulnerable groups, to actively and effectively advocate for and influence public policy on behalf of citizens' interests, as well as to improve the legal and regulatory environment governing the NGO sector.

*The purpose of The Salvation Army program component is:*

To foster the development of a comprehensive and coordinated system of services for the elderly aimed at improving their lives and enhancing their capacity to remain independent in their communities. Fundamental to accomplishing this goal is the building of NGO capacity to be effective service providers and advocates for the elderly.

**B. ACTIVITY HIGHLIGHTS (BY OBJECTIVE)**

**OBJECTIVE 1**

To develop The Salvation Army's home and community services for the elderly in Ukraine.

*Results Indicators:*

(See SAWSO Workplan submitted July 30)

UKRAINE ACTIVITIES

- A site for the Multi-purpose Senior Center and the Home Care Program have not as yet been chosen. The site will be chosen from one of two sites located in areas which have the highest concentration of elderly in Kiev. The Salvation Army already provides social services in both areas. In one it has an extensive program for the homeless, in the other it has a feeding program for elderly and large families.
- Bram Bailey, SAWSO consultant, has made two visits to Ukraine. The first in

mid-May was to review the proposal with local Salvation Army Staff, new Partner Advisor and Alliance partners. This was also a time to plan and begin the assessment process. Mr. Bailey made a second trip mid-June to work with the Partner Advisor on analyzing the results of the assessment, choosing NGO partners and developing a workplan. This was also a time to explore all the possible sites for the multi-purpose senior care center.

- Contacts were also made with potential leadership of the multi-purpose senior care center program.

## **OBJECTIVE 2**

To facilitate the development and/or expansion of services for the elderly by other NGOs in Ukraine and Belarus.

### *Results Indicators:*

(See SAWSO Workplan submitted July 30)

### UKRAINE/BELARUS ACTIVITIES

- A. A Needs Assessment was completed jointly by all of the partners of the Counterpart Alliance. From June 2 - 13, the Counterpart Creative Center trainers and Beth Gabrielsen conducted a total of 45 assessments throughout Ukraine and Belarus. Three were discounted for reasons of lack of information and difference in focus, leaving a total of 42 for analysis. Please see workplan for the analysis of results.
- B. Training needs were discussed with American experts on elder specific issues. A tentative plan and schedule were written for training and technical assistance.

## **OBJECTIVE 3**

To develop systems of advocacy by empowering elderly service provider organizations and older persons.

### *Results Indicators:*

(See SAWSO Workplan submitted July 30)

### UKRAINE/BELARUS ACTIVITIES

- A. Identification of local partners.  
Six NGOs from Ukraine and three from Belarus were chosen for partnership.  
(See SAWSO Workplan submitted July 30)

- B. Drafted Seed Grant selection criteria.  
(See SAWSO Workplan submitted July 30)
- C. A list was made of potential members of the Kyiv Council on the Aging.

### **C. PROJECT IMPACTS**

- A. The prospect of working with Hesed Avot is very exciting. The visit there provided many good ideas for all aspects of the model center and home care program.
- B. One of the more encouraging NGO visits was with the Red Cross. The director there seemed to be very interested in working with The Salvation Army and receiving training. In addition, the organization already publishes several booklets on aging issues.

### **D. ISSUES AND/OR CHALLENGES AND CONSTRAINTS**

- A. Getting reliable information from the government on the status of the elderly has been difficult both in Ukraine and Belarus
- B. It has been difficult to get an accurate account of the NGOs working with Elderly. We think we have a good representation but are not certain and will continue to look for potential partners as the project progresses. We were not able to assess the number of NGOs we wanted. We assessed 30 NGOs in Ukraine and we wanted to assess 50. We assessed 12 NGOs in Belarus and wanted to assess 25.
- C. We are also not certain about the reliability of the assessment, because we are not sure if the interviewers truly understood the questions they were asking and there was no way to check this for those NGOs outside of Kiev.
- D. With income taxes as high as 70% and 50% for project funds, paying staff and financing the project is proving to be a challenge.
- E. In an effort to assess the situation of the elderly in Ukraine, we contacted the Ministry of Social Protection. After speaking to them several times by phone, we realized that we were not going to get as clear of an idea as we originally wanted. However, we recently made contact with The Institute of Gerontology. They not only possess information on government services, but NGOs as well.

### **E. LESSONS LEARNED**

The lesson learned was that NGOs generally cannot fill out a needs assessment without a great deal of help.

### **F. PROJECT CHANGES**

Due to the need for Beth Gabrielsen, Partner Advisor, to go to Washington DC to meet with project consultants, implementation will be slightly behind the original schedule.

### **G. COORDINATION AND COOPERATION**

We are at the beginning stages of a cooperation with Horvath, the Jewish senior center in Kyiv, The Red Cross, and The Institute of Gerontology. We met with all three groups this quarter, introducing this project and gathering information from them. We are excited about the possibilities for training, networking, and idea sharing with them.

### **H. COST-SHARE AND LEVERAGE**

Funds for the remodeling and rent of the new CAP office were taken out stateside. The xerox machine which the Salvation Army was going to buy , originally, is now going to be a joint purchase. This is due to the fact that we now must pay rent, which we did not earlier anticipate.

### **I. PROJECTED ACTIVITY STATUS FOR NEXT QUARTER**

- A. By September 30<sup>th</sup>, we plan to have the site chosen for the multi-purpose Senior Center, the staff hired and trained, a program developed and publicized and the center opened.

- B. By September 30<sup>th</sup>, we plan to have provided three NGOs in Ukraine and one NGO in Belarus with seed grants.
- C. By October 31<sup>st</sup>, we plan to have had held three workshops for our six partners in Ukraine and three in Belarus. The three workshops are: a one day workshop on project design and proposals, a three day workshop on the psycho-social aspects of aging, demographics of aging and the biology of the Aging and a three day workshop on project design.
- D. By October 31<sup>st</sup>, we plan to have held one event to educate the public on issues concerning the elderly.

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COUNTERPART ALLIANCE FOR PARTNERSHIP  
QUARTERLY REPORT - CHRISTIAN CHILDREN'S FUND

**A. PURPOSE**

*The purpose of the Counterpart Alliance in Ukraine and Belarus is:*

To develop and strengthen the capacity of indigenous NGOs to provide social services to vulnerable groups, to actively and effectively advocate for and influence public policy on behalf of citizens' interests, as well as to improve the legal and regulatory environment governing the NGO sector.

*The purpose of the CCF program component is:*

To generate new momentum and capacity for non-governmental efforts to provide a functional safety net for children and youth- including both those threatened by the economic impact of the region's transformation, and those who are part of traditionally vulnerable groups such as the poor.

**B. ACTIVITY HIGHLIGHTS (BY OBJECTIVE)**

**OBJECTIVE 1**

To introduce NGOs in Ukraine and Belarus to innovative community-based approaches in administering child and youth welfare programs in rural and urban areas emphasizing the role of the natural family, the substitute family and the local community.

*Results Indicators:*

(See CCF Workplan submitted July 30)

UKRAINE ACTIVITIES

In early May, the technically specific part of the needs assessment questionnaire for selected NGOs in Ukraine was finalized. This included questions on the training needed to improve and increase service delivery at the community level:

- the child with special needs
- sex education for youth: HIV/AIDS

- substance abuse and youth: alcoholism and drugs
- youth volunteers: capital in building democracy
- advocacy for public policy reform in child care
- promotion of new legislation in harmony with the
- Convention on the Rights of the Child
- Establishment of specific court tribunals for juvenile offenders

This part of the questionnaire was completed by CCF/Geneva Office in early May, following the May 2 CAP meeting in Washington.

The questionnaire was administered to 48 NGOs in Ukraine from 17 of the 27 national regions. Most questionnaires were administered by the CCC Representatives/Trainers, who were instructed by CCF International Office Director in Kiev on May 23 prior to returning to their regions.

Almost all types of children and youth specific training were recognized as needed. However, priority was specifically given to issues of sex education and HIV/AIDS, home care support, promotion of new legislation in support of community-based services, alternative services for orphans and children with special needs. The lowest interest was shown in the establishment of court tribunals for juvenile offenders. The latter was considered irrelevant to Ukraine.

A training plan in sector-specific training has been elaborated (*please see attached program chart D*)

#### BELARUS ACTIVITIES

The same needs assessment questionnaire was administered in Belarus. 24 NGOs were surveyed, 12 located in Minsk and 12 in the rural areas. Priorities for sector specific training were identified as follows: youth volunteers, advocacy for public policy reform in child care, promotion of new legislation in harmony with the Convention on the Rights of the Child, the child with special needs, substance abuse and youth.

#### **OBJECTIVE 2**

To facilitate the development and expansion of community-based services for children and youth by CCF's Partner NGOs and other sector NGOs in Ukraine and Belarus.

#### *Results Indicators:*

(See CCF Workplan submitted July 30)

## UKRAINE ACTIVITIES

A. Six NGOs were proposed as Partner NGOs for organizational development, management and children/youth specific training throughout the lifetime of the project. These are:

- *Ukrainian Homeland and Family*, Ternopol,
- *Ukrainian Children's Fund*, Donetsk Division, Donetsk
- *Nadezhda Charitable Fund*, Izmail, Odessa Region
- *Ukrainian National Committee of Child Protection*, Kiev
- *Ludus City Center for Children and Youth*, Kharkiv
- *Children of Chernobyl/Cherkassy Division*, Cherkassy

A brief profile of each of these NGOs can be found on pages 21-22 of the CCF Work Plan for Year 1.

B. Five other NGOs were identified as potential program partners and potential CAP subgrantees.

## BELARUS ACTIVITIES

Four NGOs were selected in Belarus as Partner NGOs, as follows:

- *Association for Disabled Children*, Minsk
- *Next Stop - New Life*, Minsk
- *Association of UNESCO Clubs*, Minsk
- *The League of Youth Volunteer Service* (Minsk) was additionally identified as CCF's program partner in Belarus.

A brief profile of these NGOs can be found on pages 22 and 23 of CCF's Year 1 Work Plan submitted July 30.

### **OBJECTIVE 3**

To establish both in Ukraine and Belarus advocacy alliances of local child welfare and youth-oriented NGOs in order to facilitate discussions of common problems, voice concerns over children and youth issues, build linkages with government and business leaders and influence development of the sector-related legislation both at the national and local levels.

*Results Indicators:*

(See CCF Workplan submitted July 30)

## UKRAINE ACTIVITIES

- A. While on trips to Ukraine in March and May 1997, CCF Geneva staff met with Senior Representatives of the Ministry of Family and Youth Affairs, the Ministry of Health, the Ministry of Foreign Affairs and the Ministry of Education. Contacts have been made with different universities, notably with the School of Social Work at Kiev State University and the Mohyla Academy. There have been many meetings with the UNICEF Representative in Kiev with regard to joint training and advocacy activities for child/youth problems.

## BELARUS ACTIVITIES

- A. CCF has good contacts with the Government, through the Ministry of Health, the Ministry of Social Welfare and the Ministry of Education. There is also a National Committee of NGOs for Children's Rights. There is already substantial networking among child-related NGOs in Belarus and this is expected to increase during the lifetime of this project. There are frequent meetings with the UNICEF Representative and the UN Office in Minsk.

## **C. PROJECT IMPACTS**

N/A

## **D. ISSUES AND/OR CHALLENGES AND CONSTRAINTS**

### **START UP IN UKRAINE**

- a. The main issue and challenge for CCF has been to begin operations in Ukraine. The fact that CCF did not have a presence in Kiev has resulted in some delay in meeting deadlines in the first three months, notably in the submission of the Work Plan for Year 1.
- b. In May and June, appointments were finalized for staff in Kiev and Geneva. In Kiev, three staff have been selected:
- Galina Laktionova, Program Coordinator (80%)
  - Larissa Likulina, Program Assistant (100%)
  - Anna Khodas, Finance Manager (70%)

- c. These three appointments were made during CCF International Office Director's visit to Kiev 21-25 May.
- d. In Geneva, Mr. Sergei Tsyganov was appointed as Program Director as of 14 June, while Ms. Anastasia Anthopoulos, Project Officer, was also assigned to support the project.
- e. Mr. Tsyganov traveled to Kiev on June 15-24 to meet office staff, conduct project management training, review needs assessment results, and coordinate activities under CAP and UNICEF grants.
- f. CCF staff in Kiev also received considerable training, including financial and management technical support from Mr. Igor Mironov, CCF Administrative and Finance Manager in Minsk, and Ms. Myrna Liengme, Administrative and Finance Manager, Geneva.
- g. While start up has been slow, all indications are that, with staff in place and the work plan completed, CCF will become increasingly active and participatory.

#### **E. LESSONS LEARNED**

N/A

#### **F. PROJECT CHANGES**

There is one change in project staff for Ukraine, with three staff working on the project rather than two indicated in the proposal budget. The Project Coordinator is working 80% of her time on the project, the Project Assistant 100% and the Finance /Administrative Manager 70%.

#### **G. COORDINATION AND COOPERATION**

There have been the following meetings with CAP partners:

- *May 2*, CAP meeting in Washington attended by Mark Schomer, CCF Richmond

- *May 21*, CCF Geneva - Michelle Poulton and Myrna Liengme met with Karen Sherman (and briefly with Terry Leary) in Kiev.
- *May 21 and 24*, CCF Geneva staff met with Lyuba Polyvoda, CCC Kiev.
- *May 23*, CCF Geneva met with Representative/Trainers in Kiev.
- *May 22 and 24*, CCF Geneva met with Elwyn Inc. staff.
- The Chief of Party has had two meetings with Irina Mironova, Project Advisor Belarus, during the first quarter.
- Irinia Mironova assisted in facilitating Elwyn Visit to Belarus *26-28 May*.
- The Program Director had several meetings with the Chief of Party and Elwyn Project Advisor during his visit to Kiev *16-24 June*. He also had a meeting in Washington with Karen Sherman on *June 30*.
- In Kiev and Minsk, there have been regular meetings with UNICEF Representatives with regard to joint activities. In Kiev, CCF Geneva staff had two meetings with Professor Poltavets, Dean of the School of Social Work, Kiev Mohyla Academy in May 1997 and with senior officials of the National Social Service Centers for Youth.

#### H. COST-SHARE AND LEVERAGE

In Kiev, an agreement was signed with UNICEF for the Social Work Education Project on May 15, 1997. This is a three-year project to strengthen social work education and service delivery in Ukraine. The first activity will be a summer camp for volunteers in August. Spending so far has been reported as a cost share on the CAP monthly financial reports.

In Minsk, there are three programs supported by non-federal sources, two UNICEF-funded, one CCF-funded. These are the Social Work Education Program (UNICEF), the Projects of Hope for Chernobyl Children (Youth Volunteer activities and also UNICEF-funded) and the Women and Adolescents Girls Health Education Program. All spending on these programs is reflected in the cost-share as stated in financial reports.

#### I. PROJECTED ACTIVITY STATUS FOR NEXT QUARTER

**PLEASE SEE ATTACHED TIMELINE**

PROGRAM IMPLEMENTATION PLAN UKRAINE - BELARUS YEAR 1  
TRAINING APRIL 1997 TO MAY 1998

TRAINING ACTIVITIES		April 1997	May 1997	June 1997	July 1997	August 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997	Jan. 1998	Feb. 1998	March 1998	April 1998	May 1998
OCF	1 Youth Volunteers								Khar'kov/Minsk						
UKRAINE	2 Promotion of new legislation / CRC						Kiev								
	3 Substance abuse and Youth										Minsk		Ternopil		
	4 A home for every child							Donezk							
	5 The child with special needs											L'vov	Minsk		
	1 Project design				Kiev	Ternopil									
UKRAINE	CAP Training: Broad NGO Support				Kiev	Sevastopol									
					Uzhhorod	Donetsk									
					Dnipropetr.	Cherkassy									
					L'viv	Kamelnyts		Saary							
					Khar'kov	Zhytomyr			Hzmat						
					Odessa	Lugansk						Ternopil			
					Ivano-Fran.	Kirovograd									
					Zaporizhya	Mykolajiv									
					Letsk										
					Poltava										
			Kherson												
OCF	1 Project design				Minsk	Minsk									
BELARUS					Minsk	Minsk									
	2 Project management							Minsk				Minsk			
UNICEF/	1 Planning of Year 1						Kiev								
OCF	2 Summer school social workers/volunteers					Kiev									
UKRAINE	3 Social work outreach						Kiev								
	4 Social work methods for Children and Youth							Donezk							
	5 Ethics and values in Social work									Kiev					
	6 Families and children with behavioural problems										Odessa				
	7 Social work methods for Children and Youth												Ternopil, L'viv		
	8 Youth at risk, substance abuse													Kiev	
	9 Evaluation														Kiev

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COUNTERPART ALLIANCE FOR PARTNERSHIP  
QUARTERLY REPORT - ELWYN, INC.

**A. PURPOSE**

*The purpose of the Counterpart Alliance in Ukraine and Belarus is:*

To develop and strengthen the capacity of indigenous NGOs to provide social services to vulnerable groups, to actively and effectively advocate for and influence public policy on behalf of citizens' interests, as well as to improve the legal and regulatory environment governing the NGO sector.

*The purpose of the Elwyn program component is:*

To improve the ability and capacity of NGOs in Ukraine and Belarus to provide needed social services to disabled persons and their families on a sustainable basis, benefitting:

- ▶ persons with disabilities who live with their families or independently and who require therapeutic, educational, vocational and residential services in the community; and
- ▶ the social services delivery system, which will gain enhanced community-based services that can be replicated throughout the country.

**B. ACTIVITY HIGHLIGHTS (BY OBJECTIVE)**

**OBJECTIVE 1**

To facilitate the development/expansion of services for the disabled in Ukraine and Belarus.

*Results Indicators:*

(See Elwyn Workplan submitted July 30)

UKRAINE ACTIVITIES

- A. A total of 61 needs assessments were completed and analyzed. These served as the basis of information for the work plan that was completed.
- B. Potential partners were selected for training, technical assistance and/or financial aid.

The selected NGOs are:

- Union of Invalids (Lviv)
- Congress of Invalids "Galina" (Kiev)
- Life School (Kiev)
- Raduga School (Donetsk),
- City of Dnepropetrovsk Society of Disabled People (Dnipropetrovsk),
- City of Odessa Society of the Disabled People (Odessa),
- City of Sumy Society of Association and Support of Disabled Children (Sumy)

- C. Selected NGO partners were invited to attend a workshop in Kiev on July 21, 1997 to write a proposal that can be submitted for possible financial assistance (seed grants).

#### BELARUS ACTIVITIES

- A. A total of 26 needs assessments were completed and analyzed. These assessments provided base line information for the completed work plan.
- B. A total of 2 NGOs were selected as potential partners to receive training, technical assistance and/or financial aid. They are:
- For the Children of Chernobyl (Minsk)
  - The Association of Parents of Children of Pervomaisk District (Minsk).
- C. Selected NGO partners were invited to attend a workshop in Kiev on July 21, 1997 to write a proposal that can be submitted for possible financial assistance/seed grant

#### **OBJECTIVE 2**

To further the development of a strong indigenous network of resources.

*Results Indicators:*

(See Elwyn Workplan submitted July 30)

#### UKRAINE/BELARUS ACTIVITIES

- A. Current networking activities with various individuals and groups may serve as potential resources to the local disabled sector NGOs. These include:
- A Belarusian lawyer who is providing information which could help Belarusian NGOs with registration issues;

- An NGO, "Institute of the Human," which provides videotapes and publications about their methods of working with children with visual impairments and cerebral palsy, is a potential resource for training NGOs;
- USIS, Junior Faculty Development Program, an organization who is willing to hire disabled individuals who are professionals;
- Medical professionals, associated with the March of Dimes, who are developing a project for the prevention of birth defects;
- America House, an organization with public access to the Internet that could be available to NGO partners for free; and,
- The Fund for the Protection of Invalids and the Union of the Organizations of Invalids which has affiliates throughout Ukraine which could be resources for advocacy issues.

### **OBJECTIVE 3**

To promote the strength and viability of partner NGOs in the disabled sector.

#### *Results Indicators:*

(See Elwyn Workplan submitted July 30)

#### UKRAINE/BELARUS ACTIVITIES

- A. Elwyn's Project Advisor participated in the Training of Trainers (TOT) sessions conducted for the Counterpart Alliance for Partnerships (CAP) trainers. His presentation topic was disability rights awareness. This provided the trainers with basic information on disabilities and terminology which will assist them in interacting with the disabled sector NGOs.

<b>C. PROJECT IMPACTS</b>
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It was through the assistance of Irina Mironova of the Christian Children's Fund in Minsk that the Elwyn consultants were able to complete six needs assessments in a short time period. This highlights the strength/success of the partnerships developed for this project and the greater efficiency/impacts that can be made by working together.

Two trips to Belarus have been made by Elwyn consultants. Considering all the challenges and

constraints generated by the restrictions and difficulties in obtaining visas, this is a significant accomplishment. This will enable the acceleration of program activities in Belarus which is necessary due to the tenuous political situation there.

## D. ISSUES AND/OR CHALLENGES AND CONSTRAINTS

### 1. TAXATION

The high tax percentage levied against individuals and businesses in Ukraine and Belarus presents significant challenges. The implications for our project presently remain uncertain.

*Action:*

- Counterpart is connecting with legal groups to clarify laws and impact for this project.
- Elwyn Board members are pursuing consultation from Coopers and Lybrand (no cost).
- ICNL is researching tax laws and updating partners.

### 2. POLITICAL ENVIRONMENT

The instability of the political situation in Belarus proves to be an obstacle. The current political climate appears to threaten the continuation of NGO activity in Belarus.

*Action:*

- Program activity in Belarus has been accelerated to obtain information and establish relationships while there is still an open environment. Elwyn staff have made two trips to Belarus in the first quarter.
- The time frame for training the partner NGOs in Belarus will be accelerated.
- The possibility of providing training in Lithuania for Belarusian NGOs is being explored to provide a forum for open dialogue. Elwyn has established relationships with NGOs in Lithuania who provide services to the disabled. An added benefit would be the establishment of "connections" for Belarusian NGOs with agencies in a nearby country who are doing similar work.
- Advocacy efforts need to change membership. Originally, government agencies were to be targeted for representation on the Task Force. In Belarus, this will be

change and an indirect approach will be taken to address the same issues.

### 3. VISAS

The procurement of visas for Belarus has been extremely difficult and time consuming. The length of trips have been short because of the difficulty in obtaining visas for longer stays, thereby limiting the amount of work that can be completed in a visit as well as adding unexpected costs for the project (travel).

*Action:*

- The process will be started as early in advance as possible.
- Consideration is being given to providing training in other countries to lengthen the time frame, provide continuity in training and maximize the effectiveness and the amount of work that is completed. This would also reduce costs.

## E. LESSONS LEARNED

Elwyn discovered that among NGOs there seems to be an emphasis on providing humanitarian aid to the disabled rather than service delivery. Before services can be developed or expanded, the mind set needs to be changed - a shift from viewing the disabled as people who need to be "cared for" to seeing them as capable of being contributing members of society. This will be accomplished mostly through media coverage. Stories focusing on successful accomplishments of disabled individuals will help others to see that the disabled can participate and be active members in the community. There will also be presentations to community groups to heighten awareness regarding the skills of the disabled.

## F. PROJECT CHANGES

Marina Tyetyerina was originally hired as the Project Advisor. After having an opportunity to review the requirements of the job which included moving to Kiev, it was mutually agreed that Ms. Tyetyerina would remain involved in the project as a consultant. She will work primarily in the southern region where she resides with her family.

Michael Vassiliev, M.D. became the Project Advisor effective June 1, 1997. His resume was submitted for USAID approval by Terry Leary, Chief of Party. Dr. Vassiliev has had extensive

experience working with NGOs.

The training in Belarus is being accelerated due to the political climate in that country. The NGOs in Belarus focusing on the disabled display some progressive thinking and interest in developing service delivery models. Efforts will be made to transfer as much information as quickly as possible. Since 92% of the disabled are living at home with their families the country would benefit from the development of community based services for the disabled.

### **G. COORDINATION AND COOPERATION**

- Elwyn is exploring a collaborative effort with the Salvation Army World Service Organization to initiate inter-generational programming. A meeting was held on July 16, 1997 to explore this and other possible joint ventures.
- There has been collaboration with Christian Children's Fund through an exchange of Needs Assessments which had been completed in each sector that was believed to be more appropriate for the others target group/sector. Continued efforts to collaborate and explore joint activities is underway.
- A Ukrainian organization in Philadelphia, Pennsylvania has been contacted regarding assistance with fund-raising. They are interested in collaborating with Elwyn and providing access to the Ukrainian community in Philadelphia.
- Coopers and Lybrand is being pursued through the Elwyn Board connections to provide consultation.
- Networking with United Airlines to provide free travel and other promotional activities is currently underway.
- Foundations are being explored for potential funding to enhance this project.

### **H. COST-SHARE AND LEVERAGING**

Office supplies were ordered for the CAP office in Kiev totaling \$4,660. Elwyn consultants volunteered \$4400 in time to work in Ukraine and Belarus during the month of May.

## I. PROJECTED ACTIVITY STATUS FOR NEXT QUARTER

- Development of seed grant criteria, review of seed grant applications and identification of recipients.
- Contracts negotiated and seed grants awarded.
- Training in Belarus (October) and Ukraine (November) which focus on topics such as vocational training, independent living skills, and the development of community based services adults with disabilities. The specifics to be determined by needs identified by partner NGOs and seed grant recipients.
- A minimum of ten additional needs assessments for regions not represented in the initial data collection. Also, we are looking for new developing NGOs with promise.
- Training modules completed/translated for the October and November trainings.
- Continued research into the political, legal and social issues for the disabled. Coordinate with ICNL regarding laws affecting/for the disabled.
- First publication of the newsletter completed and distributed by end of October.
- Start Directory of Resources for Belarus and Ukraine. A minimum of 20 resources in each country will be interviewed and documented.
- Collaboration with CCF, SAWSO and ICNL will continue to explore opportunities for joint efforts.
- Base line data will be collected (in regions of NGO partners) regarding the public's attitude towards the disabled as well as the public's perception of their skills.
- Development of a customer/consumer satisfaction questionnaire.
- Fund-raising and development activities will continue with United Airlines, and the Philadelphia Ukrainian Society. An application will be made to at least one Foundation for additional funding.
- Required reports will be submitted to Counterpart on a timely basis.