

Annex 6 An Analysis of Trends in Ukrainian Civil Society Organizations



ENGAGE
**Enhance Non-Governmental
Actors and Grassroots
Engagement**



MEMORANDUM

Re: An Analysis of Trends in Ukrainian Civil Society Organizations

From: Pact, Inc.

To: USAID

Date: September 30, 2019

Overview of Developments in the CSO Environment

The CCC Creative Center is a Ukrainian organization that enhances public initiatives and strengthens civil society in Ukraine. Under the USAID/ENGAGE activity, the Center published an in-depth analysis in 2018, assessing the level of development of Ukrainian civil society organizations (CSOs) on national and local-levels over sixteen years, from 2002-2017. The study identified levels of CSO development in accordance with three areas: organizational capacity; external relations; and program activities.¹ To analyze these issues, the study administered a questionnaire, surveyed to 741 active CSOs across 24 oblasts and the city of Kyiv.

The CCC study produced a number of important findings concerning the role of CSOs in Ukraine, their development, personality, challenges and needs. In addition to analyzing the strengths and weaknesses of Ukrainian CSOs, the study also produced comparative findings on the role of USAID/ENGAGE assistance to changing CSO dynamics (institutional capacity, external relations and program activities).

Among the primary findings were that Ukraine's CSOs demonstrate two basic roles—providing services and advocacy. Trends showed that the level of internal organizational capacity of Ukrainian CSOs continued to fluctuate when analyzing several elements, including: mission statements, strategic plans, staff size, material resources, budget and income, members, and fundraising. An analysis of external relations demonstrated strong levels of cooperation among CSOs during the last fifteen years. Meanwhile, the number of the types of clients remained largely the same over the period since 2002—those clients being youth and the broader population—while IDPs have now emerged as an important new client of CSOs. The most common services provided by CSOs continue to be educational, advisory, and informational.

Measuring and Assessing the Capacity Development of CSOs

In 2018, under a contract with USAID/ENGAGE, 741 organizations were surveyed throughout Ukraine to identify the level of development of Ukrainian CSOs in accordance with the

¹ These three components comprise the INTRAC Model of CSO sustainable development.

three areas of the CSO sustainable development, namely organizational capacity, external relations of organizations and CSO program activities. Several conclusions can be made:

- Almost a half of the organizations surveyed had their status registered after 2013 with the peak being 2016, especially in eastern and central Ukraine. This might be explained by the increased activity in the civil society sector after the Revolution of Dignity and the high level of credibility assigned by citizens to CSOs². CSO members see their primary goal to influence the development of society and a desire to help others.
- 75% of CSOs are membership-based and each second organization works with volunteers (mostly students, services recipients, elderly people and housewives).
- CSOs traditionally direct their activities towards youth (31%) and the general population (31%). The vast majority of CSOs study the needs of their target groups, keep records of people receiving their services, and use mechanisms for collecting feedback from beneficiaries about provided services.
- The most popular types of activities among CSOs are the provision of services (41.9%) and advocacy (41.4%). Traditionally, a lot of organizations deliver trainings and provide consultations (34.9% organizations), provide information, and carry out educational activities (20% of organizations). The assessment of the level of CSOs *capacity to provide services* demonstrates that the level of such CSOs capacity is below average, or 2.48 on a 5-point scale. The majority of surveyed CSOs do not know how to promote their services, and they do not cooperate with state authorities and local self-government bodies seeking their support and financing that satisfies social services needs for particular groups. Those organizations that provide services do not work sufficiently to expand the range of their services and the reimbursement of expenses. The two largest challenges faced by CSOs when providing services are the absence of state support and imperfect legislation. The level of CSOs' *advocacy capacity* is slightly above average, or 0.62 (on a 1-point scale), as there is still insufficient coordination of their activities related to representation and protection of rights with respective planning of activities, allocation of resources, permanent monitoring and adjustment to changes in the environment.

With respect to institutionalized practices of cooperation between CSOs and government or business, the following findings are notable:

- An analysis of external relations demonstrate that there is frequent communication between CSOs and state authorities and local self-government bodies. The key reason for such communication is coordinating activities, while complementing each other's activities is less common.
- At the same time, cooperation between CSOs and authorities does not develop beyond the share of information or go into more active cooperation (involvement in the policy-making process and partnership).
- There is a gradual increase in the number of CSOs that cooperate with business organizations as partners, yet CSOs tend to consider business structures primarily as the source of funding.

Civil society organizations continue to cooperate among themselves, primarily for exchanging information and participating in joint activities, meetings or projects. More than two in five CSOs tend to become a part of coalitions (41%), on average being a member of three coalition groups. CSOs see advantages of cooperation in that CSOs become better known, begin to plan joint campaigns with other organizations, find opportunities to meet with leaders of other CSOs, and increase opportunities

² In 2015, volunteers became the leaders of public trust with 67% of Ukrainians trusting them, while 46.2% partially or fully trusted civil society organizations <https://dif.org.ua/article/komu-bilshe-doviryayut-ukraintsi-vladi-gromadskosti-zmi>

for attracting clients. But at the same time, CSOs state that the process of cooperation can be inhibited.

A significant portion of the CCC Creative Center report focused on ‘capacity development.’ Within the report, the term is conceptualized as ‘organizational capacity’, or the “ability of groups, institutions, and organizations to determine and solve development problems in the course of their emergence.”³ To measure organizational capacity of CSOs across Ukraine, the CCC pulled empirical data from its surveys and analyzed the responses across six components, including: 1) strategic management; 2) management structure; 3) leadership and management style; 4) fundraising strategy; 5) financial systems of CSO management, and; 6) management procedures.

Together, these six components comprise the CSO Organizational Capacity Index (“OC Index”), analyzing objectives that were laid down in 2009 as a part of Pact’s UNITER project. The values of the OC Index provide an objective and informed measure of Ukraine’s CSOs with varying legal statuses, including public associations, NGOs, and charities, among other legal statuses. Hence, the figure below provides a snapshot of the CSO environment in 2017, distinguishing the 741 organizations by their legal status, and assigning values to each of the respective six components. The OC Index allows for both a short and long-term analysis of CSO trends.

The internal capacities of the CSOs shows a trend toward a decrease of the number of CSOs that have a written mission (from 89% in 2002 to 68% in 2017). At the same time, a bit more than half of CSOs do have a strategic plan, with 44% of organizations doing a preliminary organizational analysis and around a third of organizations using such analysis while planning. Although the majority of organizations (62%) have a strategic plan and governing body, the level of their involvement decreased compared to 2013.

To briefly describe the CSO funding situation, there has been a decrease of dependence of CSOs on international donors over the last 5 years, yet the share of charity contributions from citizens and from businesses has also slightly decreased. Only 30% of CSOs have a fundraising plan. Around third of civil society organization receive charity donations from citizens. 24% CSOs received financial assistance from local businesses in 2017, while the support from the state is even lower (18%).

Overall, the index of organizational capacity has slightly increased, from 2013, raising from 2.69 to 2.75 on a 5-point scale (where 1 indicates a low capacity, and 5 shows high capacity). This indicates that CSO capacity in organizational development scores in the medium range. While CSO strengths such as organization of management systems and strategic planning remained strong, CSOs were weak in

Component	Index	
	Public associations and charity organizations	CSOs with other organizational legal forms
1. CSO applies strategic management in practice	3.97	3.00
2. CSO has an efficient management system	4.08	3.67
3. Efficiency of the CSO leadership and management system provided employees are involved in the decision making process	2.27	1.99
4. CSO fundraising strategy	1.60	1.26
5. CSO financial management is in line with the accounting standards	3.24	2.95
6. CSO has proper procedures for managing human and material resources	1.32	1.49
General Index value	2.75	2.39

Organizational Capacity Index Results

³ See Peter Morgan. *Institutional and Capacity Development, Results Based Management and Organizational Performance* (1996).

their efficiency of management procedures, a trait common to all types of CSOs across all regions. Fundraising was another common weakness within organizational capacity.

The Characteristics of USAID/ENGAGE Sub-Awardees

The analysis of USAID/ENGAGE-supported sub-awardees demonstrate several notable characteristics, differentiating them from the general population of Ukrainian CSOs.

To perform this analysis, the CCC Creative Center, drawing from its 2017 survey findings⁴, analyzed a subsample of 72 organizations USAID/ENGAGE grantees.⁵ This subsample provided for a comparative analysis between USAID/ENGAGE-funded CSOs and other Ukrainian CSOs not receiving such support (n = 669 organizations). The report produced several remarkable findings concerning activities and capacities of USAID/ENGAGE grantees.

- USAID/ENGAGE support both experienced and young organizations. 34.7% of surveyed ENGAGE CSOs were awardees that were created and registered after the Revolution of Dignity (2013 – 2014), reflecting the public activity registration “boom” at that time.
- The study has discovered that the majority of CSOs supported by the ENGAGE project were mainly driven by the desire to affect societal development. 91.7% of ENGAGE CSOs, awardees were established with the mission to influence the development of the society, which is almost 30% more than the general population of CSOs.
- ENGAGE CSOs awardees are most active in the areas of education and research (or 55.6% of CSOs), while trainings and consultations are the most popular types of activities, as reported by 70.8% of those awardees. USAID/ENGAGE partners are very active in expanding the geographical span of their activities and broadening the range of services and their volume.
- 76.4% of the USAID/ENGAGE CSO awardees said they were **membership** organizations, and 33.9% stated that in 2017, the number of their members had increased from the previous year. The USAID/ENGAGE CSOs awardees attract new members through their own initiative and via personal contacts and networking of the CSOs’ members. While only approximately 50% of other CSOs **work with volunteers**, 72% of USAID/ENGAGE grantees worked with volunteers.
- Unlike the common practice among the larger population of CSOs, USAID/ENGAGE CSOs **work more with youth** (main target group for the 41.7% of awardees), while the entire population also remains a popular target audience.

The ENGAGE CSO awardees have rather diverse external relations. They interact with the state, business and the public community as well as with mass media, other CSOs, and donors (both local and international). Over three quarters of the awardees, or 79%, cooperate with **public authorities and local self-government bodies**. A large share, 62.5% of CSOs, describe their interactions as “complementary.” The ENGAGE CSO awardees are very proactive when it comes to cooperation with **business**. They look at the business sector as a source of in-kind support (true for 60% of CSOs), and fundraising and partnerships (as reported by 43% and 41% of CSOs, respectively). USAID/ENGAGE partners are actively **cooperating with other CSOs**. Nearly all of them cooperate with other Ukrainian CSOs as opposed to general population of organizations, wherein only three of four organizations cooperate with their peers. Over half of the awardees are well aware of other organizations working in the same areas at all levels. Perhaps most significantly, these organizations share information (97.1% of awardees), participate in projects (90% of CSOs), organize partnership projects (85.7% of CSOs), conduct joint activities (82.9% of CSOs), organize meetings and

⁴ Eight additional questions evaluating institutionalized practices of CSO interactions with government were added that were not a part of the 2014 survey, and 29 other questions were removed.

⁵ The USAID/ENGAGE CSOs represent 18 oblasts; however, of the vast majority (42 of 72 awardees) were drawn from Kyiv. Public associations, charity organizations, unions and religious organizations were represented.

consultations (78.6% and 75.7%, respectively), and 60% of CSOs take part in the work of coalitions and networks.

Legitimacy (or key stakeholders' perception of existence, activity and impact of CSOs) is important for the legal, regulatory, pragmatic and cognitive recognition of CSOs. The ENGAGE CSOs awardees have a high legitimacy index score of 0.814 relative to other Ukrainian CSOs that have an index score of 0.55 (on a 1-point scale). The ENGAGE CSOs awardees' high legitimacy index score was the result of the following factors: target groups participation in program activities' planning, CSOs' clients are properly registered and monitored by external experts, and engaged in the evaluation process.

The majority (65%) of ENGAGE awardees are engaged in **advocacy work** at all levels, be it national, oblast and local. However, the majority of CSOs (65.2%) are engaged in advocacy work at the national level. The organizations operate in the following fields: education, health care, human rights (in particular, rights of disabled people), youth and internally displaced persons, anti-corruption, media, local self-government or regional development, environment, election reform, land relations or providing of information or highlighting the most pressing social issues.

USAID/ENGAGE sub-awardees are good at planning and organizing their work:

- 53.5% of ENGAGE awardees have an **organizational development plan**, which looks as a separate document or is a part of the overall strategic plan of the organization.
- Unlike the general practice among Ukrainian CSOs, the majority of those ENGAGE awardees who **have strategic plans** (67.4%) have plans designed for three or more years, have governance bodies, and have leaders and members involved in the development of those strategic plans.
- The USAID/ENGAGE awardees have **better human resources** when compared to other Ukrainian CSOs.
- Around 84% of grantees conduct **evaluation of their programs** or projects and this figure is 35.7% higher than the figure for other surveyed Ukrainian CSOs. Around 68% of CSOs-grantees and only 38.2% of other Ukrainian CSOs tend to engage target groups in the evaluation of projects and programs they have taken part in.

As for **sources of funding**, the ENGAGE awardees are still very much dependent on grants they receive from international donor organizations and international technical assistance projects. Grants comprise 84.7% of the annual budget of their organizations. However, the ENGAGE awardees also are likely to raise funds from other sources. Slightly less than half of the ENGAGE awardees (44%) receive financial support from citizens. Others receive finances from the state local budget, businesses, and their own finance-generating activities (about 15% of awardees). Of the awardees who generate income from their own economic activities, the amounts raised amount to only 2.8% of their annual budget. Every one in two of the USAID/ENGAGE partners has a fundraising plan, and over 55% of CSOs reported an increased level of their funding were those CSOs receiving support from USAID/ENGAGE, compared to only 29.2% of those without support. Membership dues and support from the state and local budget appear to be the smallest sources of funding for the ENGAGE CSO awardees.

The main **internal issues** ENGAGE CSO awardees confront are a lack of finance and lack of proper cooperation with business. At the same time, the biggest **external challenges** for all surveyed ENGAGE awardees is a lack of interest in their activities by public authorities and business,

legislative issues (mentioned by 38.9% of organizations) and particularly tax laws, and the failure or inability to market their own services.

USAID/ENGAGE Sub-Awardees Capacity Development

In general, the institutional capacity levels of USAID/ENGAGE supported CSOs is higher when compared to the other group of the Ukrainian CSOs that do not have support of the USAID/ENGAGE activity. When compared to the larger population of Ukrainian CSOs, USAID grantees performed considerably stronger in all six of the OC Index (see figure) components, demonstrating a high level of organizational development.

Component	The OC Index	
	Other Ukrainian CSOs, (N= 66g)	The USAID/ ENGAGE CSOs - awardees, (N= 72)
1. A CSO implements strategic management	3.54	4.79
2. A CSO has an effective governance system in place	3.87	4.56
3. Effectiveness of the CSO's leadership and management style provided that the staff is part of the decision making process	2.10	2.89
4. A CSO's fundraising strategy	1.41	2.12
5. CSO's financial management is in line with the accounting standards	2.99	4.49
6. A CSO has proper human and physical/financial resources management procedures in place	1.29	2.24
Index in total	2.53	3.52

Comparison of capacities of All-Ukrainian CSOs and USAID/ENGAGE Supported CSOs

The USAID/ENGAGE CSOs received a total OC Index score of 3.52 out of 5—indicating a high level of capacity. This score is one full point higher than the total score received by other Ukrainian CSOs (2.53). The USAID/ENGAGE grantees received strong index scores in strategic management (4.79), with a high proportion of those organizations having written strategic plans for more than three years along with mission statements. USAID/ENGAGE grantees were also notable for strong governance systems (4.56), as well as compliance with accounting procedures (4.49).

Compared to other Ukrainians CSOs, the USAID/ENGAGE awardees exhibit similar trends in their organizational development, with relative strengths and weaknesses across the six components. In the three aforementioned components—strategic management, effective governance, and financial management aligning accounting standards—Ukrainian CSOs also scored relatively stronger. Like the general population of sampled Ukrainians CSOs, USAID/ENGAGE CSOs scored weakest in components three, four, and six. Fundraising, followed by physical and financial resource management, and leadership that involves staff in the decision-making process were the weakest performing areas of USAID/ENGAGE awardees.

In conclusion, the CCC Creative Center's Organizational Capacity Index provides a description of the development of Ukraine's CSOs, while enabling a comparison between USAID/ENGAGE supported CSOs and the larger body of CSOs. While both groups share common trends, USAID/ENGAGE awardees receive a higher organizational capacity when compared to the larger body of Ukrainian CSOs and demonstrate a slightly above average level of institutional development, indicating the value of Pact's support.