

Nonprofit Governance Practices in Ukraine

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1. PREFACE

Since 1994, BoardSource has conducted regular surveys of nonprofit governance practices in the United States. These surveys present a snapshot of issues important to America's nonprofit boards, with data on their composition, policies, structures, and procedures.

Elsewhere in the world, little effort has been made systematically to document the assumptions and practices of the governing bodies of nonprofit organizations. Taking an important step toward correcting this omission, BoardSource launched a project in September 2001 to survey governance practices in Central and Eastern Europe. This project began with a pilot phase in Hungary, undertaken in cooperation with the BoardSource partner in that country, the Civil Society Development Foundation Hungary. A similar project, the results of which are presented here, was conducted in Ukraine in 2002-2003 with the International Center for Policy Studies (ICPS).

Documenting governance practices is not an easy task in a context in which concepts of governance are only beginning to coalesce and the drivers for accountable and effective governmental structures are still gathering force. Many nonprofit and nongovernmental organizations (NGOs) have simply never been asked to reflect on the work of their boards, and the reasons for doing so are not fully evident. We hope that this BoardSource - ICPS survey of governance practices spurs organizations participating in the project, as well as those reading about its results, to think more searchingly about the contribution their boards can make to healthy organizations. In this way, the project may be of service by opening up a public dialogue on the nature of good governance in the nonprofit sector.

More generally, we hope this report promotes better understanding of the work of governing bodies among the wider community of practitioners and researchers concerned about the future of civil society. In providing concrete data about the ways boards perceive and realize their roles, the research findings offer ample opportunity for both boards and staff to discuss and clarify the purpose of their governing bodies. The data are a valuable lode of information for organizations that provide programs and services to help governing bodies, staff, and organizations do their jobs more effectively. Targeted training curricula, publications for governing body members and staff, and ongoing research on the nonprofit sector are only some of the benefits we hope will result from this study.

Ultimately, the BoardSource project to survey governance practices aims to contribute to the overall sustainability of the global nonprofit sector. This goal, though ambitious, is founded in the conviction that effective governance is a crucial indicator of an organization's health and long-term ability to grow and mature. Only a well-governed organization, we believe, is an accountable organization, deserving of the public's respect and support.

2. ACKNOWLEDGMENTS

This report represents the fruits of a truly cross-cultural, cross-disciplinary collaboration. Dr. Marilyn Wyatt, Director of Consulting and Training in Europe and Asia at BoardSource, was the project leader. Edward Zahkarchenko, Volodymyr Hnat, and Olena Houmenyuk, experts at the International Center for Policy Studies, Kyiv, conducted the research in Ukraine and drafted the final report. Dr. Judith R. Saidel, Director, Center for Women in Government & Civil Society, University at Albany, State University of New York, offered guidance and advice. Vasylyna Dybalo, Director of the GURT Resource Center for NGO Development, provided comments on the questionnaire. The research team was also assisted by the Advisory Committee of the Governing bodySource-GURT program to promote nonprofit governance in Ukraine, whose members are Olena Bekh, International Renaissance Foundation; Bohdan Krawchenko, Ukrainian Academy of Public Administration; John Kubinec, Freedom House; Svitlana Kuts, Center for Philanthropy; Bohdan Maslych, GURT Resource Center for NGO Development; Vira Naniwska, International Center for Policy Studies; Oleksandr Sydorenko, Innovation and Development Center; Anatoly Tkachuk, Civil Society Institute and International Center for Non-profit Law; Yuliya Tykhomyrova, Counterpart Creative Center; and Oleksandr Vinnikov, Counterpart Alliance for Partnership.

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3. EXECUTIVE SUMMARY

This report detailing governance practices among Ukrainian nonprofit and nongovernmental organizations (NGOs) is the joint product of BoardSource (Washington, DC) and the International Center for Policy Studies (Kyiv). The report is based on a questionnaire mailed in February and March 2003 to a random sample of 1,875 organizations, which were drawn from the combined databases of seven Ukrainian organizations. The questionnaire was completed and returned by 468 organizations, for a response rate of 25 percent.

The results of the survey offer a profile of the Ukrainian NGO sector. Seventy-seven percent of respondents are civic associations, 15 percent are charitable organizations, 6 percent are youth organizations, and 2 percent are creative unions. Social services, law and advocacy, and education and research are the most prominent mission areas, while philanthropy and voluntarism, business and professional associations, and religion are the least common. More than half of the responding organizations have paid full-time employees, and more than three-quarters rely on volunteers. Forty-three percent of organizations have annual budgets of \$500 or less.

The general assembly is most commonly recognized as highest governing body in Ukrainian NGOs. In more than half of organizations, governance is delegated to a principal governing body that is different from the highest governing body. This principal governing body is most often a board of directors.

In the vast majority of organizations, the chief executive is also a member of governing body, nearly always with voting rights. Three-quarters of chief executives also serve as the chair of the governing body. Over half of respondents report that staff members are also the members of governing body, nearly always with voting rights. Women hold positions on the governing body in an average of 44 percent of organizations.

The organization's membership is most often responsible for nominating and electing new members of the governing body. In more than 70 percent of organizations, there is no limit on the number of terms a member may serve. Members of the governing body do not receive a fee, salary, or honorarium in most organizations (87 percent). However, nearly one-third of respondents report that members do receive payment for other professional services provided to the organization. Governing bodies most often meet monthly among civic associations and yearly among charitable organizations.

Overseeing programs, formulating policy, identifying the mission, and strengthening the organization's public image are mentioned most often as main responsibilities of the governing body. Less than 40 percent of respondents identify monitoring the organization's finances and ensuring accountability as important governing body responsibilities. Financial audits are conducted annually by 33 percent of organizations and never by 28 percent of organizations. Two-thirds of organizations publish annual reports.

Forty-eight percent of chief executives work as unpaid volunteers. Forty percent of chief executives do not have job descriptions. Chief executives cooperate with their governing bodies most often in community relations, policy formulation, and fund-raising.

An introduction to the report outlines the development of the Ukrainian nonprofit sector since 1989, with particular emphasis on the legal framework. In a concluding section, the authors discuss the implications of the findings and offer recommendations. The authors conclude that there is considerable uncertainty over the governance function in Ukrainian NGOs, in part because of the vague legal framework and the habit of regarding governing bodies as offering formal approval rather than advice or accountability. They recommend that efforts be made to provide training, information, and other support to both NGOs and the general public, so as to encourage a better understanding of the importance of competent governing bodies to the future of the Ukrainian nonprofit sector.

4. INTRODUCTION: THE UKRAINIAN NONPROFIT CONTEXT

4.1 History and Main Characteristics

Throughout most of the twentieth century totalitarian government stifled the development of civil society in Ukraine. There was virtually no civic action without government orchestration. Public participation in the decision-making process was non-existent, as was any concept of the right of individuals to promote and protect their own interests. The government supported only those public associations established and controlled by the Communist Party itself.

With the collapse of the totalitarian regime in 1991, newly independent Ukraine recognized citizens' fundamental rights and freedoms, including freedom of expression and association. The approval in 1992 of the law "On Civil Associations" served as a catalyst for the rapid development of the third sector. Ukraine's citizens saw the law as a genuine opportunity to protect their interests and create associations free of state control.

Today, NGOs are trying to address public needs for which the state was previously responsible, but which it is presently unable to satisfy. In addition, Ukrainian NGOs are working to increase the public's awareness of its rights and its impact on policy-making and implementation processes.

Research on Ukraine's third sector indicates a rapid increase in the number of NGOs in recent years. According to official statistics, the number of NGOs increased from about 4,000 in 1995 to approximately 30,500 by early 2001. Some 95 percent of all registered NGOs have local status, with only 4 percent with national status and another one percent with international status. Most NGOs are based in cities with highly developed infrastructures (Kiev, Dnipropetrovsk, Kharkiv, and Donetsk) or in regions with significant cultural and intellectual potential (Lviv and Crimea).¹

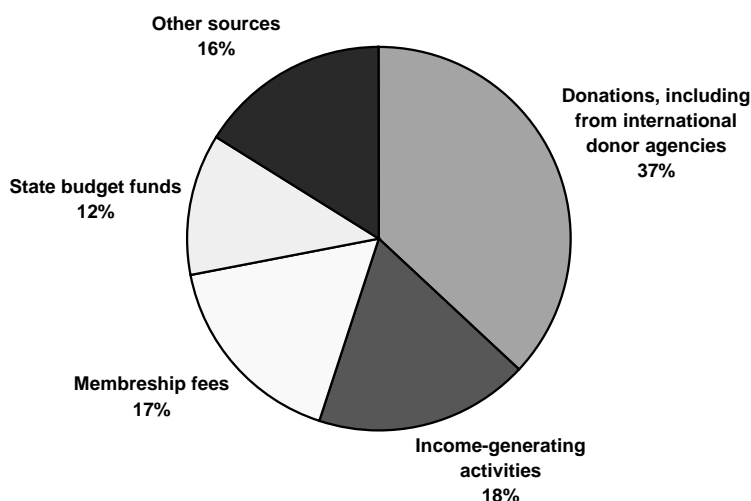
NGOs generally focus their work on education, social and cultural issues, health and the protection of youth, children, and other vulnerable groups. Areas such as agricultural development, religion, recreation, and issues related to the environmental and social consequences of the Chernobyl accident are no longer NGO priorities. NGO beneficiaries include the most vulnerable groups among the population (the elderly, pensioners, the disabled and the poor), youth, and children. NGOs work to a lesser degree with military servicemen, consumers, refugees, and migrants.

Studies of the third sector in Ukraine indicate the following main sources of organization revenue: donations, including from foreign and international donor agencies, income-generating activities in pursuit of objectives stipulated in NGO by-laws, and membership fees (Figure 1).

The excessive dependence of Ukrainian NGOs on foreign and international donors affects their choice of activity areas. A large number of Ukrainian organizations have no clearly defined development strategy and assume donor priorities in order to obtain essential funding.

¹ See references at the end of this section for sources of this and other data about the Ukrainian NGO sector.

Figure 1. NGO Sector Revenues, 2000



4.2 Legal Framework

Freedom of association is enshrined in the Ukrainian national constitution (1996) and is regulated by the laws “On Civic Associations,” (1992), “On Charity and Charitable Organizations” (1997), “On Professional Creative Workers and Creative Unions” (1997), and other legislation. The Constitution guarantees the freedom to associate for the purpose of exercising and protecting citizens’ rights and freedoms (Article 36), freedom of speech and conscience (Article 34), freedom to collect and distribute information (Article 39) and freedom of creative work (Article 54). The Constitution prohibits the creation of associations aimed at harming state interests or infringing on human rights.

Ukrainian law does not provide clear and precise definitions of different types of associations and services provided by them. To demonstrate, the law uses the following terminology to describe non-profit, non-governmental organizations:

- Civic associations – the general term describing community organizations, trade unions, and political parties (Article 36 of the Constitution);
- Community organizations – associations of citizens established to satisfy and protect their common legal social, economic, national, cultural, and other interests (Article 3 of the law “On Civic Associations”);
- Charitable organizations – non-governmental organizations that carry out charitable activities in accordance with the Law “On Charity and Charitable Organizations”; and
- Non-profit organizations – the term used in the law “On Taxation of Enterprise Profits” (1997). Article 7.11 of this law defines non-profit organizations as follows:
 - Ukrainian governmental bodies, self-governments, and institutions, and organizations established by them and funded from the respective budgets
 - Charitable funds and organizations set up in accordance with legally established procedures to implement charitable activities
 - Pension funds and credit unions
 - Other legal entities not included in paragraph “b” of this sub-clause if their activities do not imply the obtaining of profits in accordance with the provisions of relevant laws
 - Unions, associations, and other amalgamations of legal entities set up to represent the interests of their founders that are funded through the investments of such founders and are not involved in business activities, with the exception of obtaining passive incomes, and
 - Religious organizations.

The confusing language in existing legislation opens the door to creative interpretation and sometimes to the abuse of power by the governmental regulatory bodies that enforce organizational and fiscal regulations for associations. For instance, a charitable organization working to assist vulnerable groups would have to pay taxes equivalent to most of its donated income if its status was not determined to be that of a non-profit organization (this status can be obtained from the State Tax Administration after submitting the required documentation).

Box 1. Legal Forms of Ukrainian NGOs

Ukraine lacks legislative uniformity regarding the organizational and legal forms of NGOs. Under existing legislation, the following NGO types are most commonly identified:

Civic associations are regulated by the law “On Civic Associations.” Citizens’ associations are unions of citizens created with the purpose of satisfying and protecting members’ legal social, economical, creative, national, cultural, sport, age, and other interests.

Charitable organizations are regulated by the law “On Charity and Charitable Organizations.” These are civic associations whose main purpose is to conduct a charitable activity for the benefit of society as a whole or a special subgroup. The law strictly defines the organizational structure and financial operations of charitable organizations.

Children’s and youth organizations are regulated by the law “On Youth and Children’s Civic Organizations.” These organizations serve the interests of members from six to eighteen years of age. The majorities of such organizations are the members of Ukrainian National Committee of Youth Organizations (UNCYO) and, as such, are financed from the state budget.

Creative unions are regulated by the law “On Professional Creative Workers and Creative Unions.” These are the voluntary membership organizations of professional workers in the spheres of culture and art. Creative unions have fixed memberships of no less than 100 members at the national level and no less than 20 members at the regional or local level. The law guarantees state support.

Although no NGOs are permitted to have as an organizational goal the pursuit of profit, Ukrainian legislation does not establish mandatory conditions or requirements for the creation of specific types of NGOs as legal entities. In order to achieve their organizational goals, NGOs are permitted to establish coalitions and promote their interests among the central government and self-government bodies. All non-for-profit organizations, regardless of other differences, are membership organizations.

Most NGOs can be established either through registration or notification to the authorities, although charitable organizations and creative unions must be registered. Only a registered NGO can obtain the status of a legal entity, own property, maintain bank accounts, and be the subject of civil and legal relationships. As a rule, local civic associations set up to implement short-term tasks or local offices of national NGOs legalize their activities through notification to registration authorities. In accordance with the law, at least three individuals, whether Ukrainian nationals or foreign citizens, are necessary to establish an organization. The law does not establish a minimum amount of funding to establish an organization.

The Ministry of Justice registers national and international civic associations. Territorial (regional, district or city) offices of the Ministry of Justice, village executive committees or city councils register local or foreign organizations. Resolution No. 140 of the Cabinet of Ministers of Ukraine of 26 February 1993 regulates the registration procedure. The Ministry of Justice registers national and international charitable organizations and local offices of the Ministry of Justice register local charitable organizations and offices and branches of national charitable organizations. Registered NGOs carry out their activities in conformity with their statutes, which are regulated by law.

NGOs can create unions of organizations and become part of other NGO collectives. Civic associations can also take the form of unions of organizations or umbrella organizations. Another type of organization that has

emerged in recent years is the resource center, which provides technical assistance and technical resources to small NGOs lacking their own technical base.

Box 2. Forms of Governing Bodies

Civic associations

Civic associations are free to determine their own administrative structure and functions. They commonly have a three-tiered administrative structure.

The supreme body or **general meeting** (also known as the conference or membership council) approves the statutes and their amendment and determines the organizational strategy.

The **board of directors** (or chairman's council) is a collective body that provides oversight between general meetings.

The **chief executive** is usually the chair or president of the governing body, carries out the day-to-day management.

Civic organizations also usually have an **auditing commission** that monitors the use of the organization's funds.

Charitable organizations

The law stipulates a mandatory administrative structure for charitable organizations. The specific composition and responsibilities of the administrative bodies are usually defined in the statutes or bylaws.

A charitable organization is ruled by a **governing body**, which is a collective body such as a general assembly, meeting of members, or conference. Its responsibilities as defined in the statutes or bylaws usually include approval of changes to the statutes, election of members of the executive committee, adoption of charitable programs, and identification of main directions for the organization.

The charitable organization is managed by an **executive committee**. Its responsibilities include leadership of the organization between the meetings of governing body, the development of plans for activities, identification of recipients of aid, and so forth. The executive committee is headed by either a **president or director**, who typically manages the organization, communicates with government bodies and other constituents, signs contracts, submits reports, etc.

Members of **steering committee** are appointed by the founders of the organization. The steering committee is responsible for controlling and monitoring the organization's finances.

In accordance with the law, registration authorities oversee NGO adherence to organizational statutes, the tax authorities ensure appropriate and timely NGO financial reporting, and judicial authorities provide overall supervision. The State Tax Administration exercises the strictest control, requiring monthly, quarterly and semi-annual financial reports from NGOs – even from organizations that are not involved in any financial activities. NGOs must also submit reports to the Pension Fund, Social Insurance Fund and Employment Fund and can incur penalties for the violation of reporting requirements. The chief executive is legally responsible in case an NGO fails to submit in a timely fashion the required reports. In such cases, the chief executive is subject to a fine.

There are relatively few restrictions on NGO use of organizational funds, and organizations are permitted to purchase equipment and property, including real estate. NGOs can also invest in securities or simply deposit their funds in a bank account.

NGOs registered as legal entities have the same rights as all other legal entities, including the right to participate in civil and legal relationships, acquire property and non-property rights, appear as a party before the court, and found other legal entities, especially businesses and mass media outlets. They have the right to hire staff employees, perform activities provided for in their statutes, enter into contracts with other entities, and perform bank transactions.

4.3 Fiscal Regulation of NGO Activity

Despite legislation allowing NGOs to earn profits from statutory activity, most community organizations cannot exercise this right as other legislation significantly limits their ability to engage in certain types of activities. For example, NGOs are not permitted to engage in profit-making activities, even in areas otherwise allowed by law (education, healthcare, etc.). If they engage in profit-making activities they can be excluded from the registry of non-profit organizations and thus be deprived of tax privileges in accordance with administrative regulations.

The tax authorities may and often do refuse to recognize certain types of activities as non-commercial if an NGO receives money for them. This can then serve as grounds for depriving the organization of its non-profit status. This trend is a direct consequence of the lack of clarity and uniformity in the definitions of such concepts as “major activities,” “business activities,” and “NGO economic activities” in the law “On Taxation of Enterprise Profits” (1997). In sum, there are both obvious and hidden legal limitations to the making of profits to finance NGO activities.

In theory the main sources of NGO financing may include:

- Donations from individuals (contributions from persons who, as a rule, are not members of the organization and do not have labor relationships with it)
- Donations from legal entities
- Government allocations for the implementation of projects or the provision of services under a budgeted category and at the expense of the government)
- Charitable contributions from donor organizations
- Income from statutory activities, provided that these services are not provided with the aim of making commercial profit and are carried out in pursuit of mission goals.

In reality, however, donor organizations remain the chief legal source of NGO funding. The other sources mentioned above are either not covered under existing legislation or are governed by strict limitations. Individuals, including entrepreneurs, have no incentive to provide NGOs with charitable contributions, as a Cabinet of Ministers decree of 1992 allows an income tax deduction of no more than 12 minimum wages² annually and only for donations to charitable and religious organizations. There is no provision for tax deductions for donations to other community organizations.

Legal entities also have no incentive for donations to NGOs. Article 5 of the law “On Taxation of Enterprise Profits” (1997) permits a deduction for voluntary donations equal to no more than 4 percent of the entity’s income, and that includes voluntary allocations to central and local budgets and to the governmental bodies and institutions set up by them.

Ukrainian legislation provides NGOs the opportunity to receive financial support from the state. In practice, however, state budget funds are allocated chiefly to quasi-official organizations, e.g., national creative unions and national committees of youth organizations. The law “On Local Self-government in Ukraine”(1997) also provides a legal basis for NGO–state partnerships in the implementation of local programs and for funding from local budgets.

Current legislation makes no distinction between funding provided to NGOs by domestic donors and that provided by foreign donors. Under bilateral agreements signed with donor countries, contributions to NGOs from donor organizations legally registered in Ukraine are exempt from income tax and value-added tax.

² Minimal wage in Ukraine is about \$35 (as of June 2003).

Unfortunately, most international donor organizations are not legalized in accordance with Ukrainian legislation and thus have no status as legal entities. Because these donors cannot effect wire transfers to Ukrainian organizations or maintain bank accounts, they must provide funding in cash. Not only are such transactions illegal, they also open the door to misuse of the funding by recipients. Issues relating to the legal status of foreign or international donor organizations in Ukraine can only be resolved with the adoption of the draft special law on international technical assistance. This law was submitted by the Cabinet of Ministers to the Rada (Parliament) and approved on 27 May 1998, but was subsequently vetoed by the President of Ukraine.

Ukrainian laws do not clearly define the legal status of donors, sponsors, patrons, and volunteers. Volunteers are not differentiated from salaried employees, thus resulting in unjustified financial sanctions, including the levying of taxes and social insurance payments.

There is no single law in Ukraine that provides a legal framework for non-commercial organizations. The law "On Taxation of Enterprise Profits" (1997) defines the characteristics of non-profit organizations. Other relevant laws include instructions issued by the State Tax Inspectorate in 1997 ("On Approval of the Registration of Non-Profit Organizations and Institutions") and 2000 ("On Approval of the Procedures for Determining Indicators of Non-profit Organizations"). According to these and other documents, NGOs can be exempted from income tax on the following conditions:

- If they are covered by the provisions of item 7.11.1 b), article 7.11 of the law "On Income Tax"
- If they are listed on the State Tax Administration's registry of non-profit organizations, or
- If they do not have income other than that specified in item 7.11.3 of the above law.

NGOs do not pay value-added tax unless they provide paid services. In that case, they are required to pay the tax and include it in the cost of services. NGOs do not enjoy special rights or privileges with regard to import/export taxes. All these issues are regulated by a Cabinet of Ministers decree of 1993 ("On Unified Custom Tariffs"). In addition to taxes and dues, NGOs are required to make payments to the state Wage Fund, Pension Fund, Social Protection Fund, and Employment Fund for persons working in the organizations or receiving a salary from them.

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5. SURVEY METHODOLOGY

The sample was selected from the combined databases of five NGOs—the International Center for Policy Studies, Counterpart Creative Center, Innovation and Development Center, Center for Ukrainian Reform Education, and GURT Resource Center for NGO Development—as well as two donor organizations—the International Renaissance Foundation and the Kyiv office of the World Bank. Most of these databases consist of organizations involved in different projects and activities conducted by the host organizations.

Organizations were included in the combined database according to the following criteria: if drawn from NGO databases, according to participation in recent events, programs, and projects; and if drawn from donor databases, according to applications for support. These criteria were used so as to eliminate inactive and virtual nongovernmental organizations, which are registered but do not really operate (i.e., do not participate in sector-wide activities or seek external support).

The combined database totaled 4,246 entries as of late 2002. A random sample of 1,875 organizations was drawn from this database. In two mailings at the end of February and in the middle of March 2003, chief executives were sent a questionnaire asking 68 questions about their organizations and governance practices and structures. A stamped, self-addressed envelope was enclosed.

Simultaneously with the first survey mailing, a four-week public awareness campaign about the project was initiated through NGOs newsletters, information bulletins of resource centers, and other media outlets.

Of the 1,875 organizations receiving the questionnaire, 468 organizations responded, giving a response rate of 25 percent. The survey instrument with summary results is included at the end of this report.

Follow-up interviews were conducted with chief executives and governing body members of 35 organizations, chosen to represent a cross-section of the Ukrainian nonprofit sector. These individual interviews, each lasting about one hour, probed in greater depth topics touched upon by the written questionnaire. Excerpts from these interviews are included in boxes within the report.

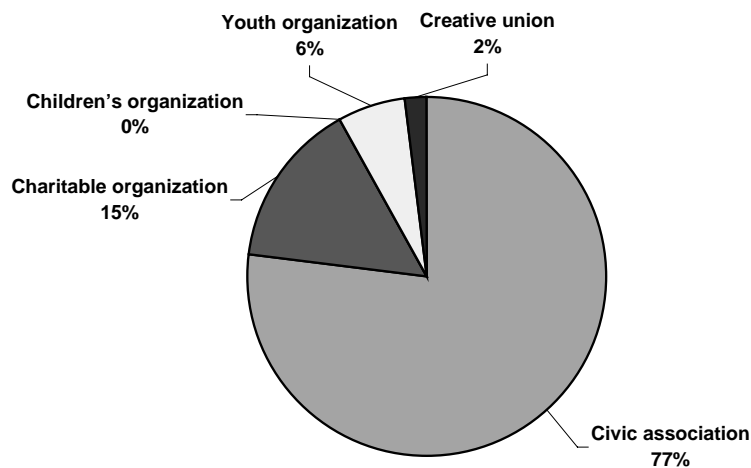
6. SURVEY RESULTS

6.1 Profile of Ukrainian Nonprofit Organizations

Of the 391 organizations responding to the questionnaire, 77 percent are civic associations, 15 percent are charitable organizations, 6 percent are youth organizations, and 2 percent are creative unions (Figure 2).⁴

Figure 2. Legal Forms of Organizations

N= 468



6.1.1 Founding Dates and Mission Areas

The number of new nonprofits in Ukraine increased dramatically after 1991: 82 percent of all nonprofits were founded after 1991, compared to 18 percent founded in 1991 or earlier (Table 1). The mission areas with the lowest rates of registration in 1991 or before and the highest growth rates until 1999 are education and research (from 10 to 31 percent), business and professional associations, (from 13 to 32 percent), and philanthropy and voluntarism (from 13 to 28 percent).⁵

Today, social services (68 percent), law, advocacy and politics (55 percent), education and research (33 percent), and development and housing (25 percent) are the most prominent mission areas (Table 2). The least

⁴ By comparison, data maintained by the Democratic Initiative Foundation and SOCIS, which conducted research for the World Bank in 2003, indicates that 76 percent of organizations are civic associations, 17 percent are charitable organizations, and 3 percent are creative unions or other.

⁵ Mission areas reflect the International Classification System of Nonprofit Organizations developed by the John Hopkins Comparative Nonprofit Sector Project. See the Appendix for more information.

common mission areas are philanthropy and voluntarism (9 percent), business and professional associations (9 percent) and religion (5 percent).

Table 1. Primary Mission Area by Period of Registration

N= 452

	1991 or earlier %	1991 – 1993 %	1994 – 1996 %	1997 – 1999 %	2000 – 2002 %	Not registered %
Culture and recreation	17	18	23	28	14	0
Education and research	10	18	29	31	12	0
Health	19	23	25	27	6	0
Social services	16	19	27	26	12	0
Environment	17	10	20	40	13	0
Development and housing	18	11	21	34	15	2
Law, advocacy, and politics	16	18	24	30	11	1
Philanthropy and voluntarism	13	23	20	28	18	0
Religion	36	5	9	27	23	0
Business and professional assns.	13	24	16	32	11	5
Total each period	18	21	25	25	10	1

Table 2. Primary Mission Areas, 2002

N=468

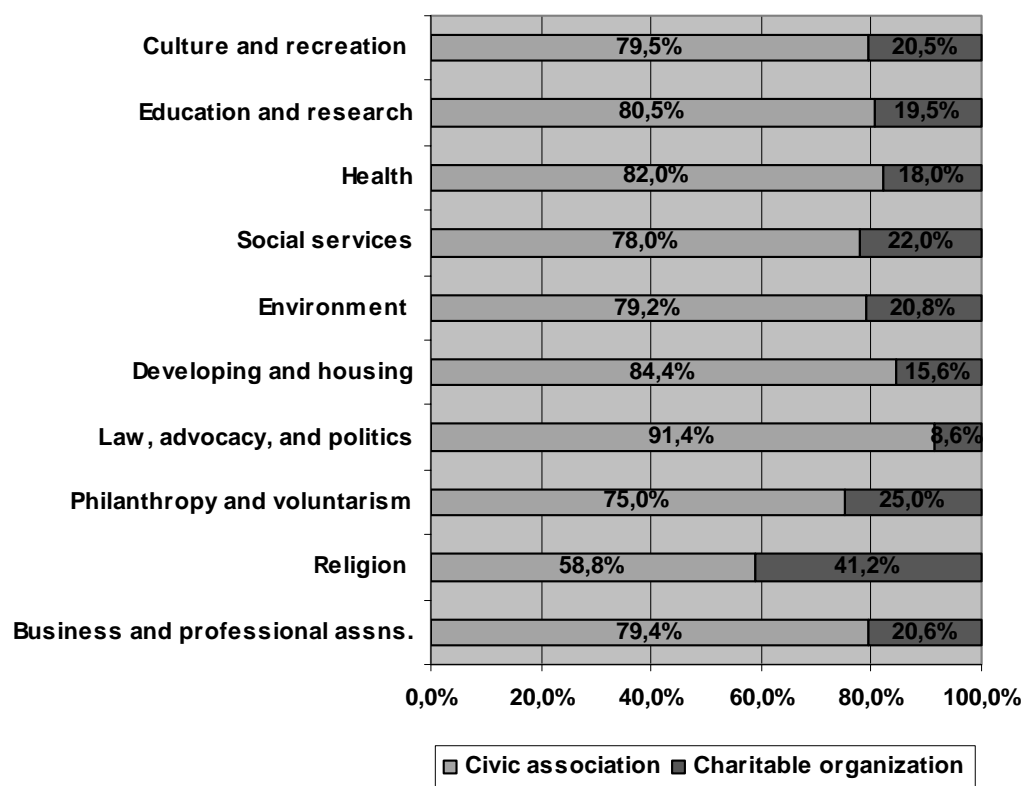
	%
Social services	68
Law, advocacy, and politics	55
Education and research	33
Development and housing	25
Culture and recreation	21
Environment	16
Health	15
Philanthropy and voluntarism	9
Business and professional assns.	9
Religion	5

NOTE: Percentages do not add up to 100% because some respondents gave more than one answer.

Organizations with primary missions in law, advocacy, and politics, development and housing, and health are largely civic associations, while charitable organizations have their primary mission in religion, philanthropy and voluntarism, and social services (Figure 3).

Figure 3. Primary Mission Area by Legal Form of Organization⁶

N=391



Organizations with differing primary missions are not equally represented on local, national, and international levels (Table 3). Organizations with a primary mission in philanthropy and voluntarism or development and housing are represented on the local level in the greatest proportion (71 percent and 66 percent respectively). Almost one third of all organizations provide services on the national level. Organizations involved in religious, environmental, business and professional, and culture and recreation missions dominate on the international level (17, 15, 14, and 14 percent respectively).

Table 3. Primary Mission Area by Geographic Scope of Organization

N=468

	Local %	National %	International %
Culture and recreation	57	29	14
Education and research	59	31	10
Health	59	32	9
Social services	63	30	7
Environment	51	34	15
Development and housing	66	25	9
Law, advocacy, and politics	59	32	9
Philanthropy and voluntarism	71	19	10

⁶Because civic associations and charitable organizations together constitute 92 percent of all the responses, the results present data for these legal forms only.

Religion	54	29	17
Business and professional assns.	58	28	14
Total each type	63	29	8

Box 3. How Valuable are Nonprofit Governing Bodies in Ukraine Today?

“Most people working in our NGO sector do not understand why we have governing bodies or their value. This is mostly because it’s difficult to evaluate the direct impact of the governing body’s activity.”

“As our organization cooperates with international organizations, we’ve had a chance to see the effect of governing bodies, especially when solving very difficult questions. We’ve adopted the same practice, but we have to admit that we miss many mechanisms to make the governing body more effective within our organization.”

“We are aware of the existence of governing bodies and we have a governing body in our own NGO. But we are definitely missing many skills. We tried to find centers that could provide us with training, but we failed.”

6.1.2 Paid and Volunteer Staff

More than half (51 percent) of responding organizations have paid full-time employees. About 42 percent of organizations report part-time employees. Seventy-eight percent of organizations rely on volunteers, with nearly half of these (37 percent) involving more than 20 volunteers every year.

Organizations with mission in religion, culture and recreation, and law, advocacy, and politics are least likely to rely on volunteers, while organizations in philanthropy and voluntarism, health, and social services disproportionately rely on volunteers (Table 4).

Table 4. Primary Mission Area by Number of Volunteers

N=436

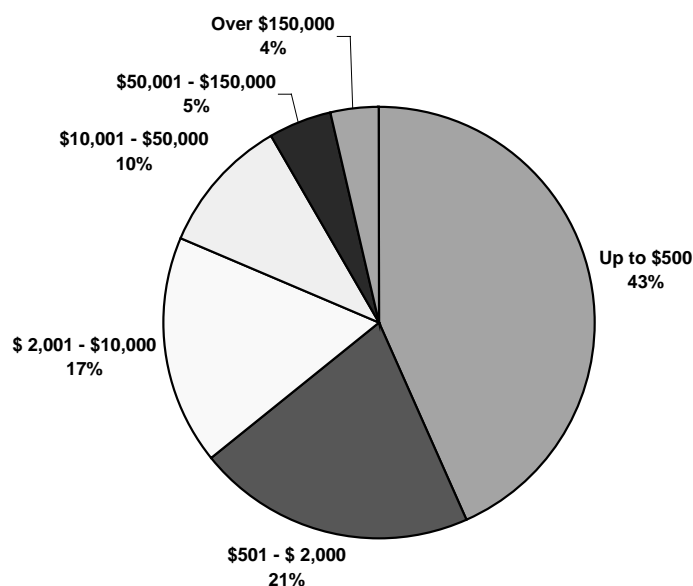
	1-10 %	11-20 %	More than 20 %	None %
Culture and recreation	26	11	38	25
Education and research	25	16	44	16
Health	20	20	55	6
Social services	27	11	47	16
Environment	20	22	46	12
Development and housing	30	17	40	13
Law, advocacy, and politics	24	17	39	20
Philanthropy and voluntarism	18	18	58	8
Religion	24	6	29	41
Business and professional assns.	37	16	32	16
Total each range	28	13	37	22

6.1.3 Budgets

More than 40 percent of organizations report annual revenues of \$500 or less (Figure 4). Another 21 percent have annual revenues of between \$500 and \$2,000. Seventeen percent of organizations have revenues of between \$2,000 and \$10,000.

Nonprofits with the largest revenues work in health, social services, and philanthropy (Table 5). Organizations in religion, culture and recreation, and the environment operate with the smallest revenues.

Figure 4. Estimated Annual Revenue, 2001



N=468

Table 5. Primary Mission Area by Annual Revenue

N=387

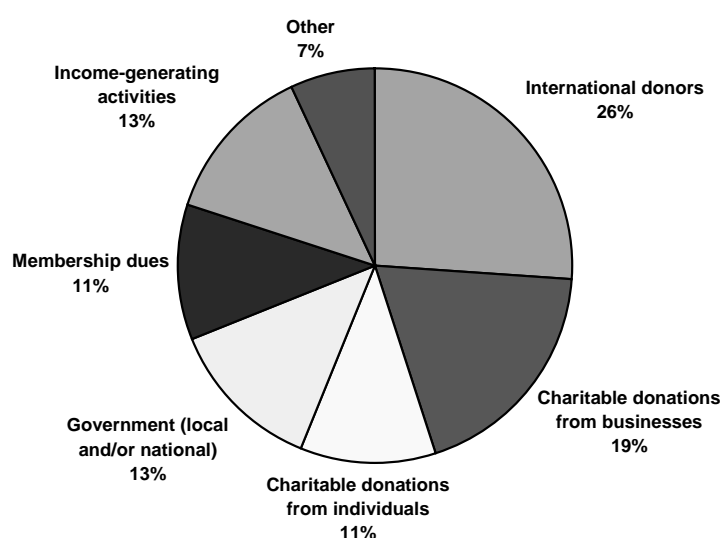
	Up to \$500 %	\$501 - \$2,000 %	\$2,001 - \$10,000 %	\$10,001 - \$50,000 %	\$50,001 - \$150,000 %	Over \$150,000 %
Culture and recreation	54	19	17	6	1	3
Education and research	40	24	20	9	3	4
Health	37	15	24	9	7	7
Social services	44	18	17	11	6	4
Environment	44	25	16	13	2	0
Development and housing	37	22	22	11	2	6

Law, advocacy, and politics	44	19	22	11	2	2
Philanthropy and voluntarism	29	17	29	14	9	3
Religion	68	11	11	5	5	0
Business and professional assns.	22	31	31	11	6	0
Total each range	43	21	17	10	5	4

The main income sources are international donors (26 percent of total income) and charitable donations from businesses (19 percent). Income-generating activities (13 percent) and funds from local and/or national governments (13 percent) also play an important role in the support of the sector (Figure 5).

Figure 5. Total Revenue by Source of Income⁷

N=294



6.2 Size and Structure of the Governing Body

Following the first section below on highest and principal governing bodies, the findings refer to principal governing bodies only.

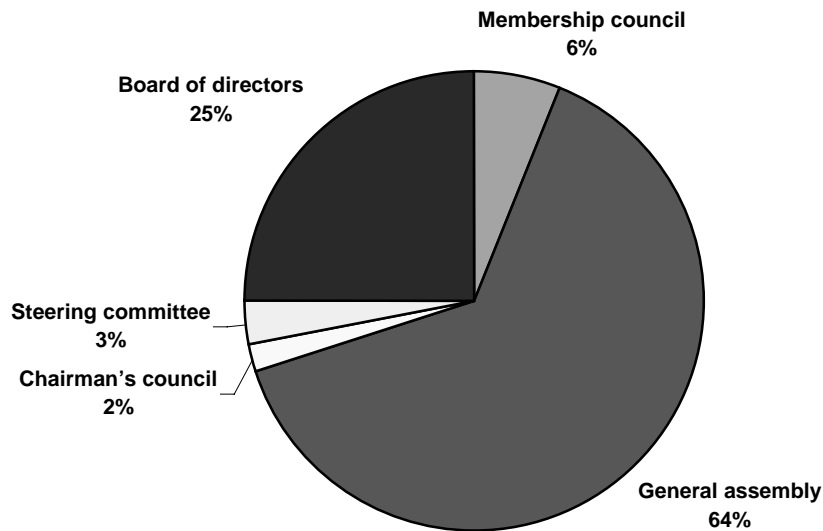
6.2.1 Highest and Principal Governing Bodies

Governance is most frequently entrusted to and exercised directly by a general assembly, which is recognized by 64 percent of organizations as their highest governing body (Figure 6). The board of directors is the highest governing body in 25 percent of organizations.

⁷ Respondents were asked to check one of six intervals (0%, <10%, 10-25%, 26-50%, 51-75%, >75%) to indicate the percentage of total revenue they are receiving from a particular income source. To estimate the overall percentage of total revenue by income source, the number of organizations in each interval was multiplied by the midpoint of each interval (4.5%, 17.5%, 38%, 63%, 87 %) for each income source. These products were then summed across interval categories for each income source and divided by N (294).

Figure 6. Highest Governing Body

N=350



Fifty-five percent of organizations delegate governance to a principal governing body that is different from the highest governing body. The principal governing body is most frequently identified as a board of directors (57 percent) and general assembly (32 percent). The principal governing body is identified as the chief executive in 5 percent of organizations (Figure 7).

Figure 7. Principal Governing Body

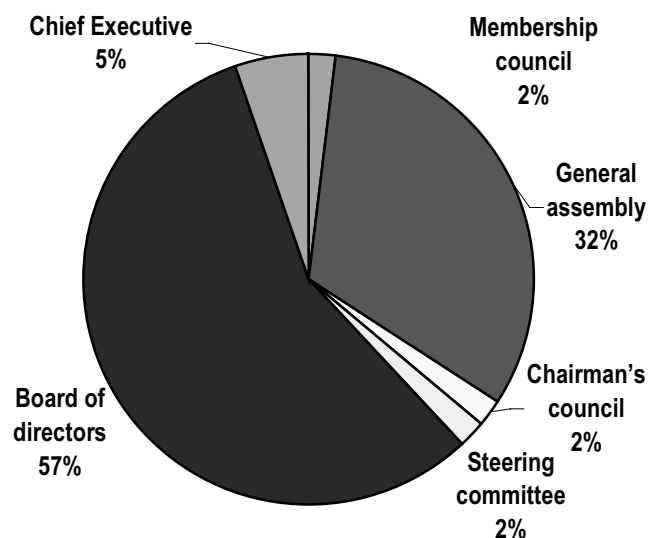
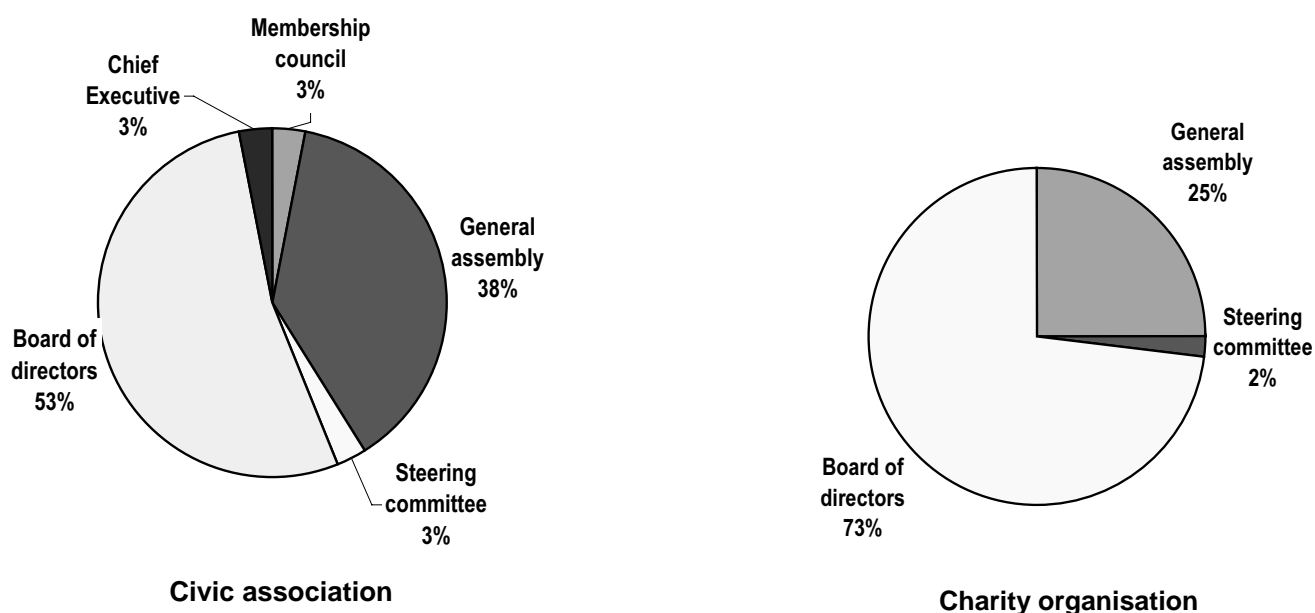


Figure 8. Principal Governing Body by Legal Form of Organization

N=281



6.2.2 Size of the Governing Body

The vast majority (83 percent) of organizations have 15 or fewer members in the governing body. From 1 to 5 persons serve on the governing body in about 40 percent of organizations. Organizational bylaws determine the size of the governing body in 56 percent of organizations. In 27 percent of organizations, the current governing body decides on its size.

6.2.3 Composition of the Governing Body

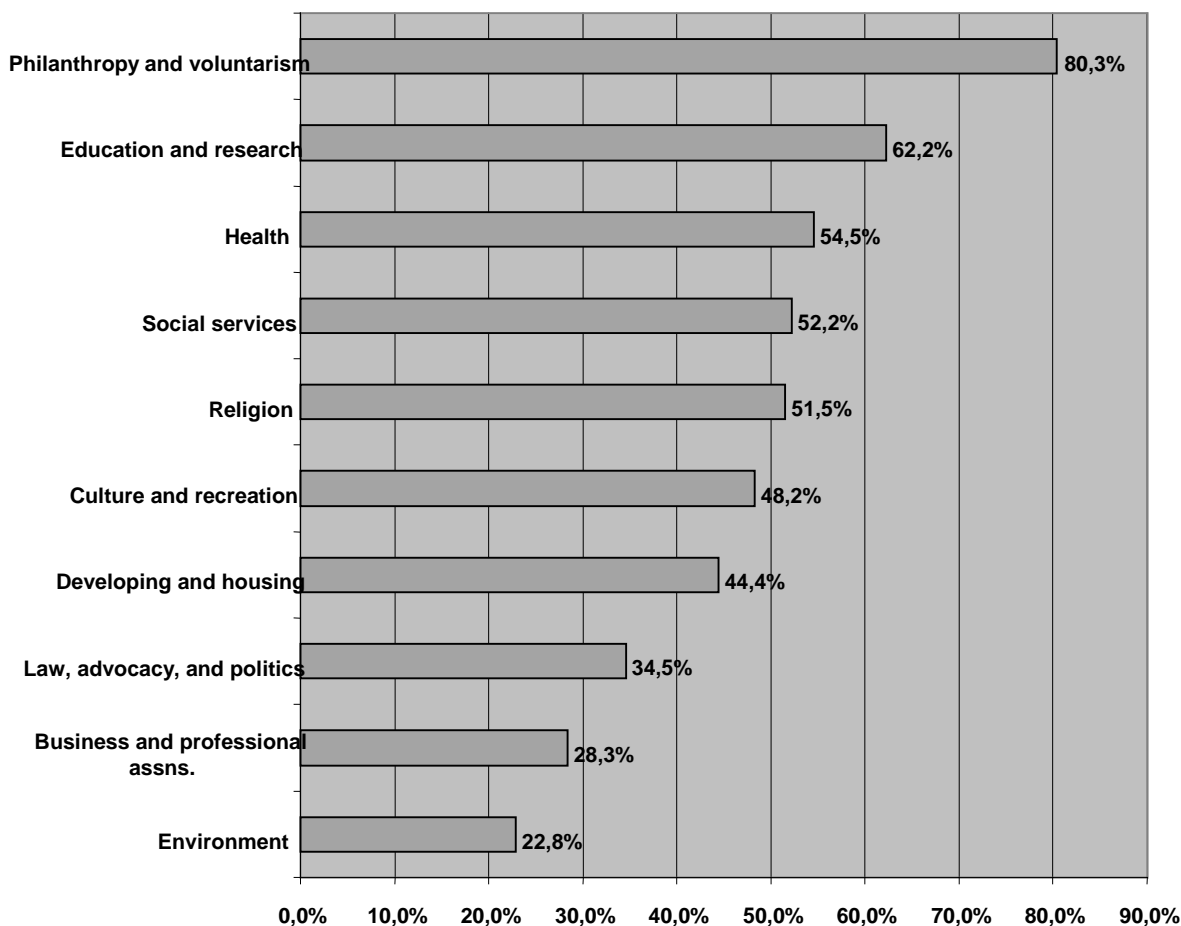
Women hold an average of 44 percent of positions on governing bodies. Seventeen percent of respondent organizations have no women at all on their governing bodies.

Within different mission areas, the percentage of women members on governing bodies is highest in philanthropy and voluntarism, education and research, and health and lowest in environment, business and professional associations, and law, advocacy, and politics (Figure 9). Members between 30 and 40 years of age hold nearly half of all governing body positions.

Ninety-five percent of organizations have Ukrainian members on their governing bodies and 53 percent have Russian members.

Figure 9. Primary Mission Area by Female Members of the Governing Body

N= 390



6.2.4 Governing Body Leadership

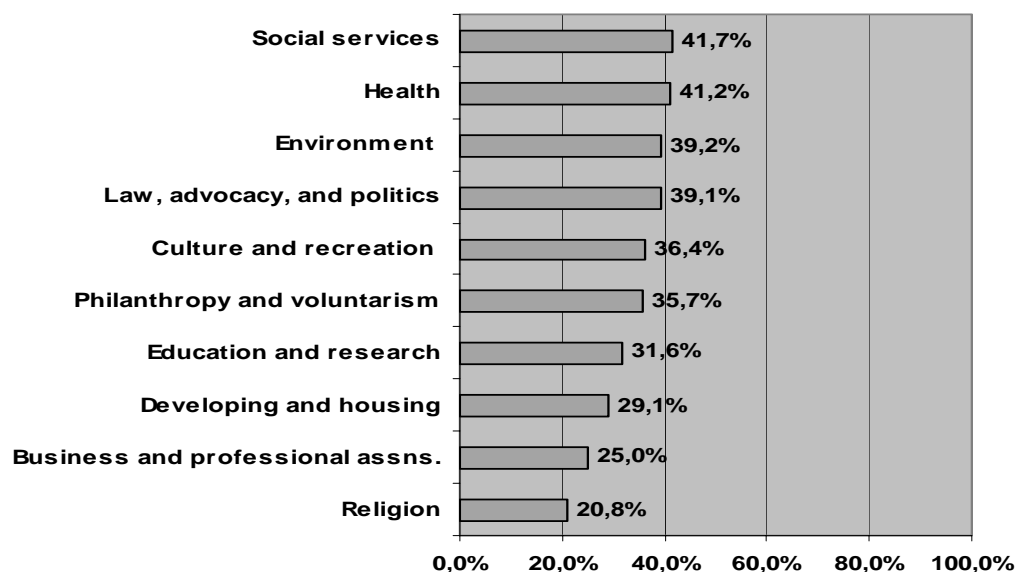
Founders play major leadership roles in the governance of their organizations. They serve as members of the governing body in 86 percent of all organizations.

Sixty percent of governing bodies are chaired by men. Women serve as governing body chair most often in organizations with missions in social services, health, environment, and law, advocacy and politics (Figure 10).

More than 70 percent of organizations report that the chief executive is also the founder of the organization. In the vast majority of organizations (90 percent), the chief executive is also a member of governing body, nearly always with voting rights. Three-quarters of chief executives also serve as the chair of the governing body. Over half of respondents report that staff members are also the members of governing body, nearly always with voting rights.

Figure 10. Primary Mission Area by Female Chair

N= 446



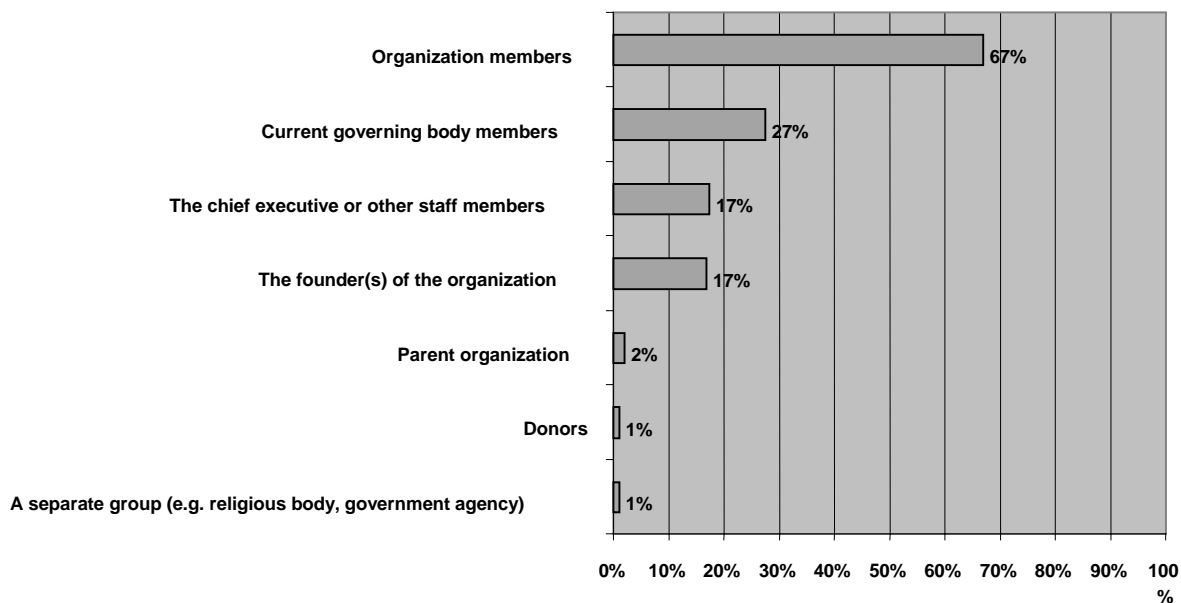
6.2.5 Nomination, Selection, and Orientation of Governing Body Members

The organization's members are responsible more frequently than any other group for nominating new members of the governing body (in 67 percent of organizations) (Figure 11). In 80 percent of all organizations, the organization's members are also responsible for electing new governing body members (Figure 12).

The members of civic associations nominate new members of the governing body in 73 percent of organizations and elect new members in 85 percent of organizations. The founders nominate governing body members in 42 percent of charitable organizations and elect them in 32 percent of charitable organizations.

Figure 11. Responsibility for Nominating New Members of the Governing Body

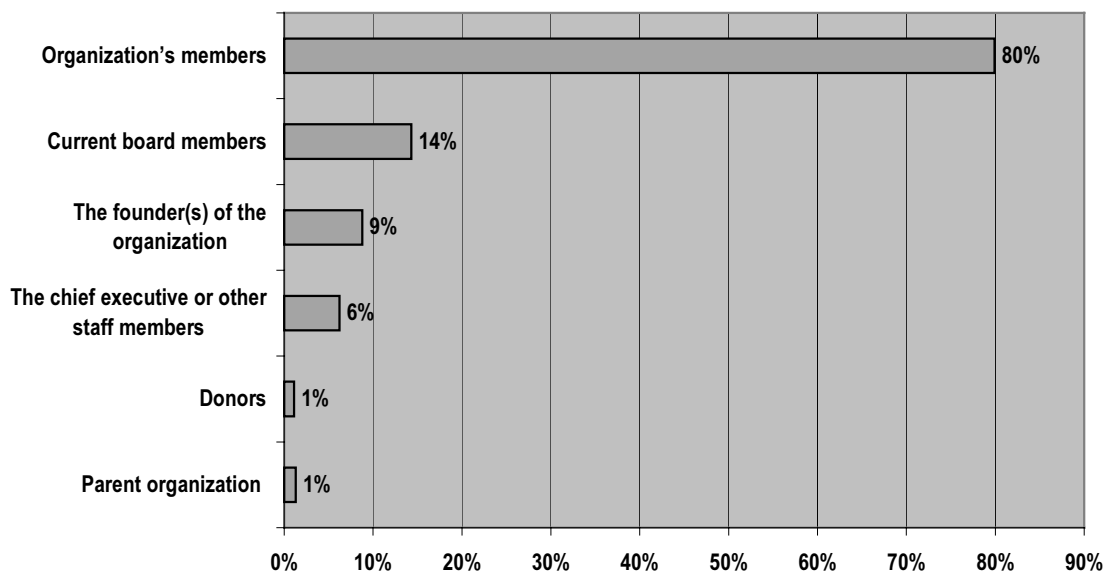
N= 468



NOTE: Percentages do not add up to 100% because some respondents gave more than one answer.

Figure 12. Responsibility for Electing New Members of the Governing Body

N=468



NOTE: Percentages do not add up to 100% because some respondents gave more than one answer.

Table 6. Responsibility for Nominating and Electing New Members of the Governing Body by Legal Form of Organization

N = 406

	Civic association		Charitable organization	
	Nominate %	Elect %	Nominate %	Elect %
Current governing body members	27	13	35	11
The founder(s) of the organization	13	0	42	32
The chief executive or other staff members	15	1	21	16
Organization members	72	85	35	58
Donors	1	0	0	0
Parent organization	0	0	1	0

NOTE: Percentages do not add up to 100% because some respondents gave more than one answer.

Sixty percent of organizations have an orientation program for new members of the governing body, and 47 percent of organizations provide written job descriptions for governing body members.

Governance is frequently conducted through standing committees. Only 36 percent of respondents report no permanent committees. Among those organizations that do have such committees, the most frequently mentioned are executive ($N=166$), programs ($N=107$), finance ($N=78$), and strategic planning ($N=73$).

Box 4. Is It Important Who Serves on the Governing Body?

“This is a very important point, actually, because it affects lots of things. If the members are known professionals it helps your organization get new projects and cooperate with the government. If they are not, it could be difficult to survive and compete with other organizations.”

“It is unimportant, at least from our perspective. Our governing body has a small role to play, and so it almost doesn’t matter who is a member. The governing body exists only formally and was established just to meet Ukrainian legal demands.”

“It depends on the member. If the person has a good background and contacts that can be used by our organization, this helps greatly. If the member is inactive, then it makes no difference. The main thing is a wish to work on behalf of the organization.”

“The importance of the governing body differs depending on the mission of organization. If, for example, it is a charitable organization, then it is enough if respected people are members. But in the case of organizations that deal with legal, advocacy, and political issues, the members have to be professionals in these areas.”

6.2.6 Terms of Office and Compensation for Service

In general, planned turnover in governing body membership seldom occurs. In 18 percent of organizations, there is no specific term of office for governing body members. In more than 71 percent of organizations, there is no limit on the number of terms a member may serve. In organizations that do have terms of office, the most frequent length is four or more years.

Governing body members do not receive a fee, salary, or honorarium in the overwhelming proportion of organizations (87 percent). In nearly one-third (29 percent) of organizations, members provide professional services to the organization for which they are paid. Partial or complete reimbursement for travel and similar expenses is provided by 50 percent of organizations.

Box 5. Why Did Members of Your Governing Body Agree to Serve?

“A personal relation with the head of organization made me agree to be a member of the governing body.”

“The professional commitment and high level of services provided by the organization were the main reasons I agreed to become a member.”

“I used to work for this organization. Right now I am working in the government and would like to help my organization by working on the governing body.

“ I am a representative of the donor organization, and my role is to mentor the organization’s activity.”

6.3 Responsibilities of the Governing Body

Chief executives, who were recipients of the questionnaire, supplied most of the information related to the roles and responsibilities of the governing bodies.

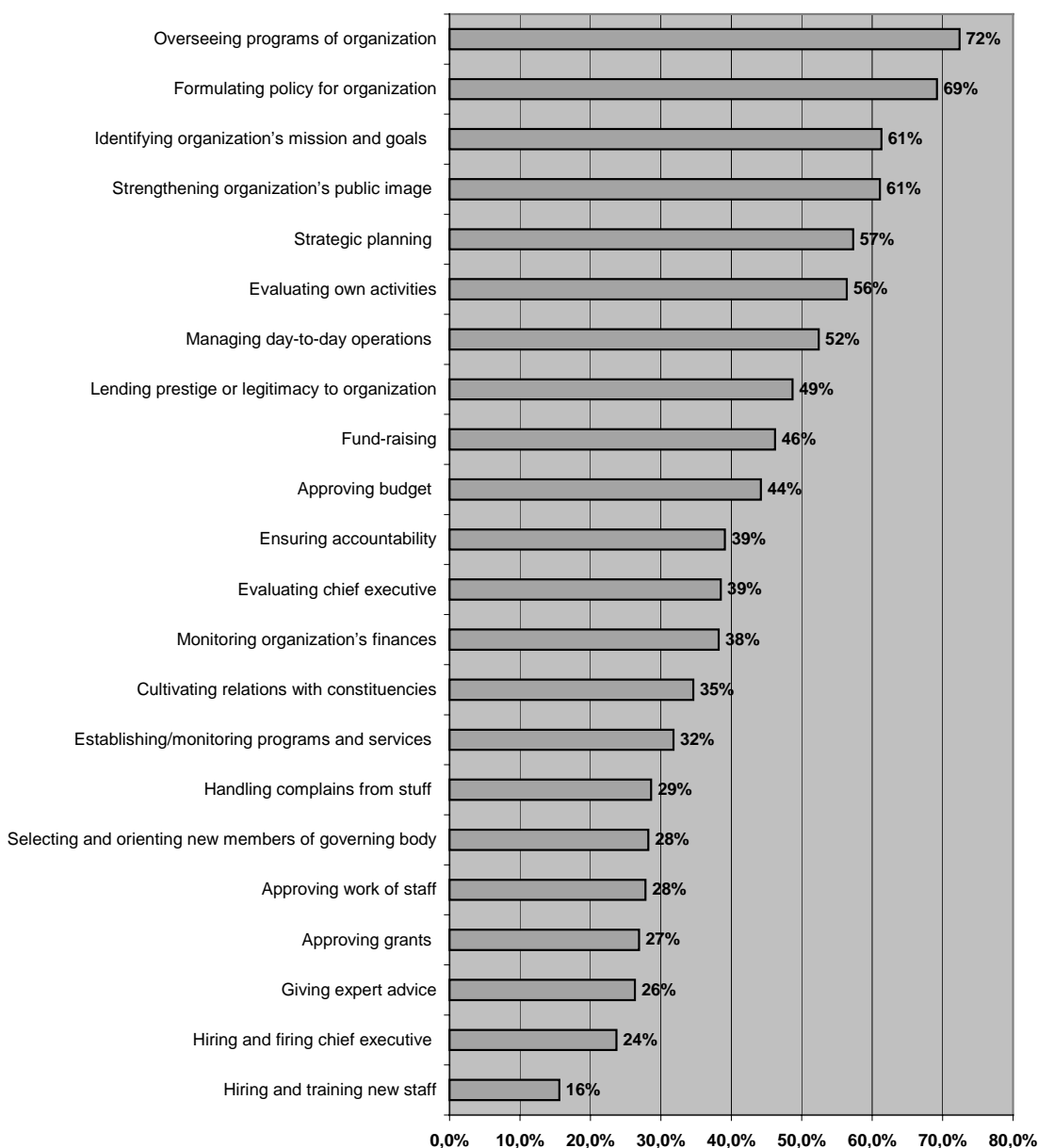
6.3.1 Major Roles and Responsibilities

Overseeing programs and formulating policy for the organization are identified as main governing body roles by the highest proportions of respondents (72 percent and 69 percent, respectively) (Figure 13). Identifying the organization’s mission and goals and strengthening the organization’s public image are also frequently mentioned as governing body responsibilities (each 61 percent).

Other main governing body responsibilities include strategic planning (57 percent), evaluating their own activities (56 percent), and managing day-to-day activities (52 percent). Monitoring the organization’s finances is reported less frequently as a governing body responsibility (38 percent). A similar proportion (39 percent) reports that ensuring accountability and evaluating the chief executive are main governing body roles.

Figure 13. Responsibilities of the Governing Body

N= 468

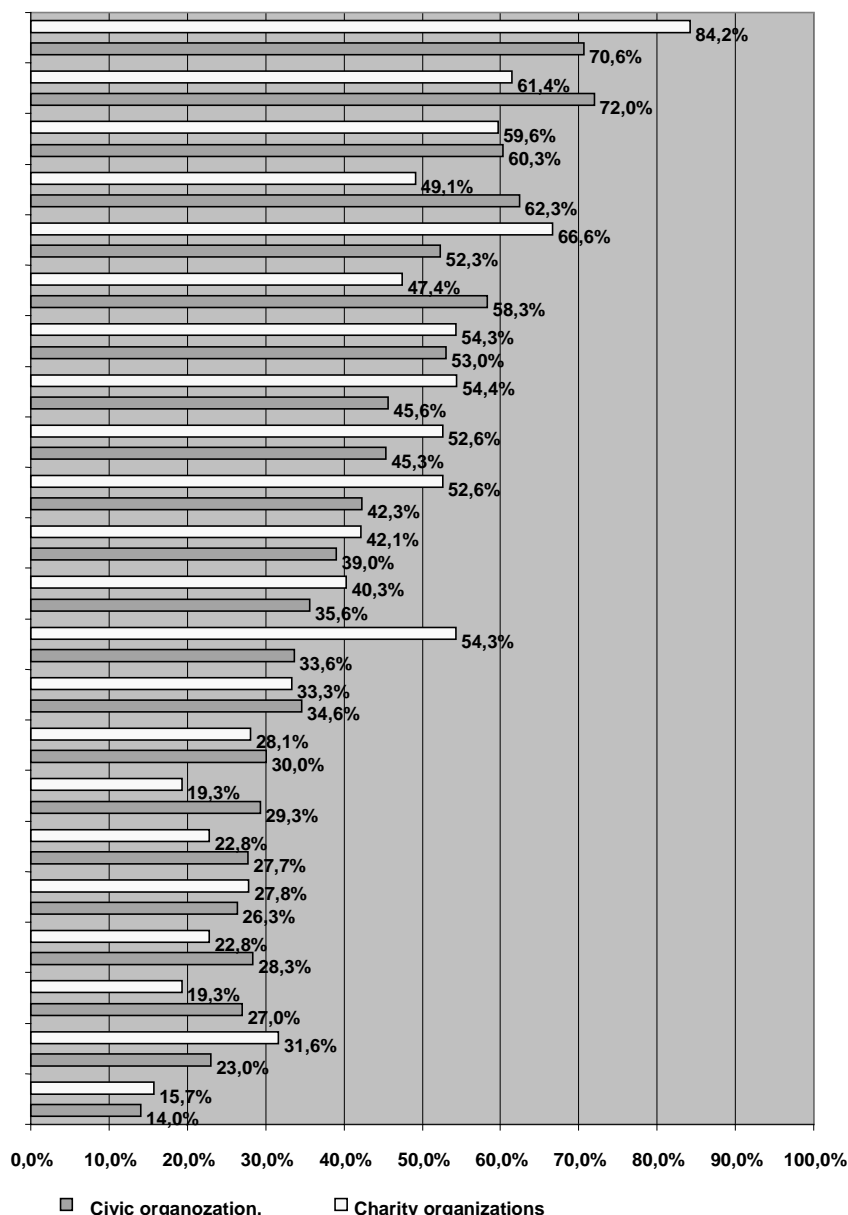


NOTE: Percentages do not add up to 100% because some respondents gave more than one answer.

The primary responsibilities of governing bodies serving civic associations and charitable organizations differ in several ways (Figure 14). The most noteworthy contrast relates to monitoring the organization's finances, which is considered an important responsibility by a considerably larger proportion of charitable organizations than civic associations.

Figure 14. Responsibilities of the Governing Body by Legal Form of Organization

N= 468



NOTE: Percentages do not add up to 100% because some respondents gave more than one answer.

6.3.2 Audits, Evaluations, and Planning

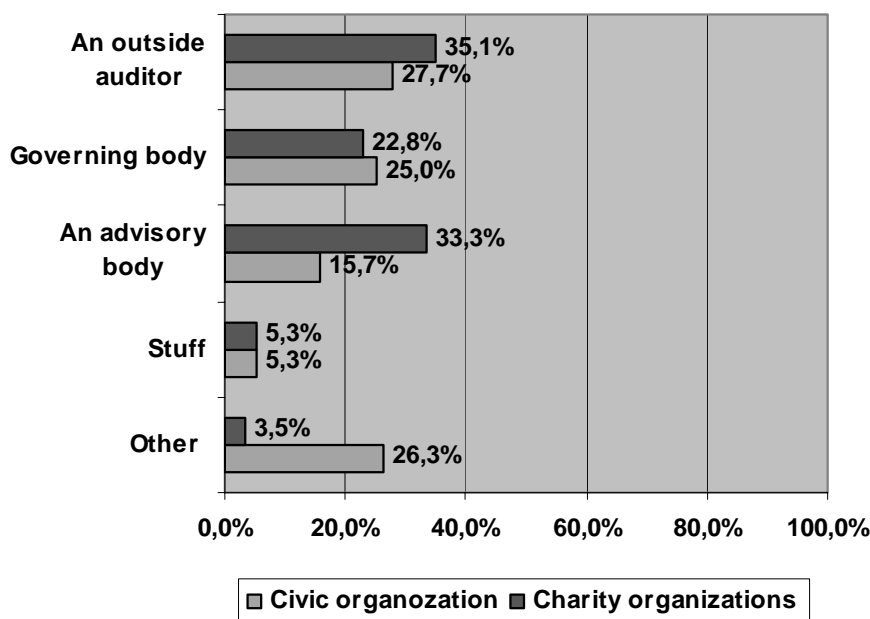
Financial audits are conducted annually by 33 percent of organizations and occasionally by 29 percent of respondents. Financial audits are never conducted by 28 percent of organizations.

Among organizations that do conduct audits, outside auditors carry out this responsibility in 28 percent of civic associations and 35 percent of charitable organizations (see Figure 15). Governing bodies assume responsibility for conducting the audit in 25 percent of civic associations and 23 percent of charitable organizations. Staff members conduct audits evaluation in 5 percent of organizations.

Program evaluations usually occur on an annual basis (66 percent) and are conducted most frequently by the governing body (76 percent).

Figure 15. Type of Audit by Legal Form of Organization

N= 292



Box 6. What are the Main Roles of Your Governing Body?

“The role of the governing body mostly consists of the following facts: first, its members are known and respected residents of our city, which helps us to present our organization; and second, its members are professionals who can usually assist us in different situations.”

“One of the important roles of the governing body is the ability to solve conflicts between the director and staff of our organization. Also, the governing body monitors spending from organization’s budget.”

“Our organization is a small one, which is why the role of the governing body is very formal. In everyday activities we are the staff; if needed, we are formally the governing body, too.”

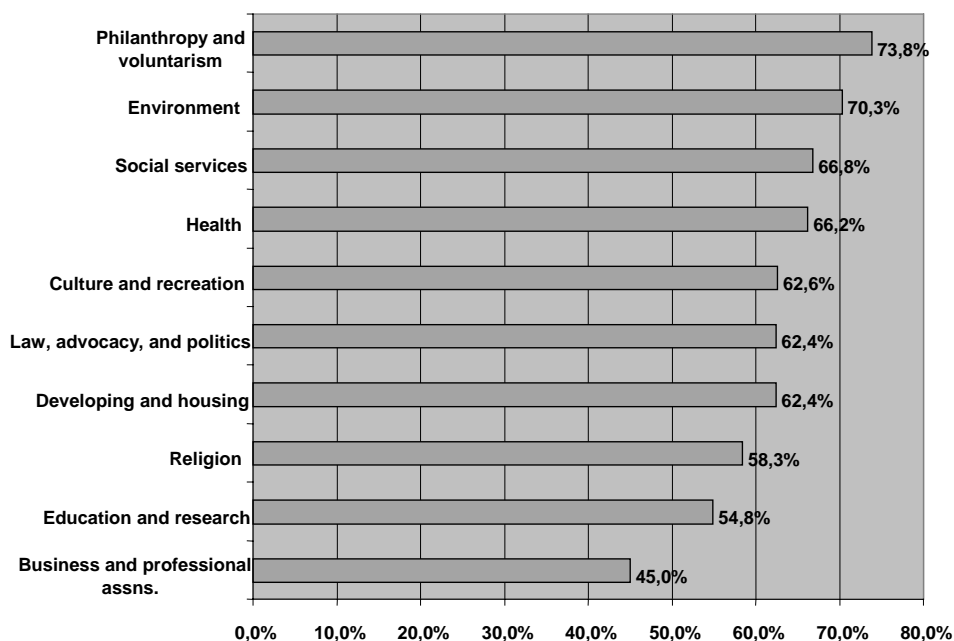
“Because of this project [to survey governance practices] we learned about governing bodies and their roles. In the future we plan to use this knowledge in our activities.”

6.3.3 Annual Reports

Annual reports are published by 66 percent of organizations. Organizations with a mission in philanthropy and voluntarism most frequently report publishing an annual report (74 percent) followed by environmental organizations (70 percent) and social services (67 percent) (Figure 16).

Figure 16. Publication of Annual Report By Mission

N =450



When responses are broken down according to the missions of organizations, religious organizations most often publish their reports annually (77 percent), followed by business and professional associations (67 percent) (Table 7).

Table 7. Frequency of Annual Report by Mission

N = 281

	Every year %	Occasionally %	Other %
Culture and recreation	59,7	30,6	9,7
Education and research	56,5	37,6	5,9
Health	55,6	31,1	13,3
Social services	62,0	28,6	9,4
Environment	55,8	36,5	7,7
Development and housing	57,5	27,4	15,1
Law, advocacy, and politics	59,0	24,8	16,2
Philanthropy and voluntarism	54,8	35,5	9,7
Religion	78,6	14,3	7,1
Business and professional assns.	66,7	22,2	11,1

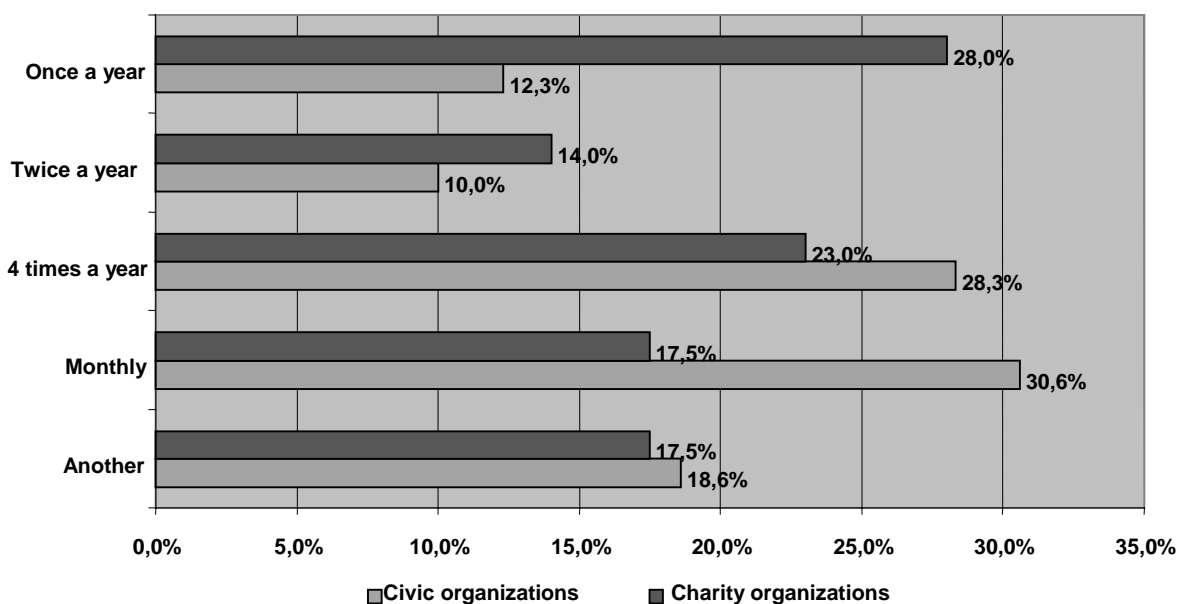
Sixty-four percent of civic associations and 73 percent of charitable organizations publish a report annually.

6.3.4 Meetings

Governing bodies most often meet monthly among civic associations and once per year among charitable organizations (31 percent and 28 percent respectively). 29% of civic associations and 23% charitable organizations conduct meeting four times per year (Figure 17).

Figure 17. Frequency of Meetings of the Governing Body by Legal Form of Organization

N = 292



The frequency of meeting is specified in the bylaws in 47 percent of organizations and by the governing body (31 percent), chief executive (30 percent), or chair (27 percent) in other organizations. Eighty-four percent of respondents report that majority of members of the governing body attend meetings.

At meetings the most common activities on the agenda are planning for the future (90 percent), discussing internal policy questions (65 percent) and discussing management issues (51 percent). Reviewing financial statements and discussing fund-raising strategies are reported as common agenda items in less than half of organizations.

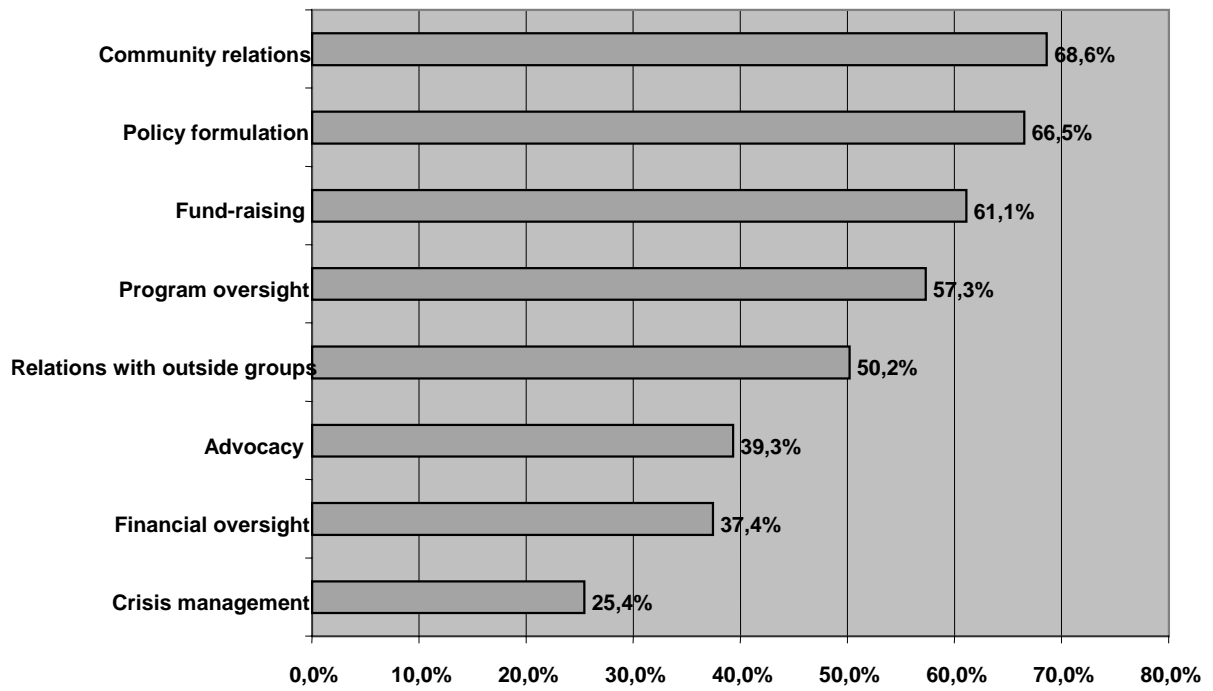
6.4 The Chief Executive

Chief executives answering the questionnaire supplied the following information relating to their own work. Forty-eight percent of chief executives work as unpaid volunteers, whereas 22 percent report that they work as volunteers but are paid for work in projects. Forty percent of chief executives do not have job descriptions. The chief executive is also the founder in 71 percent of organizations. The vast majority (90 percent) of chief executives also serve on the governing body, usually with voting rights. Seventy-eight percent of respondents report that the chief executive is also the chair of the governing body.

Chief executives cooperate with their governing bodies most often in community relations (69 percent), policy formulation (67 percent), and fund-raising (61 percent) (Figure 18). The areas of cooperation between chief executives and governing bodies most frequently described as productive are policy formulation, community relations, and program oversight. Respondents report that the chief executive and governing body work least well together in crisis management.

Figure 18. Areas of Most Frequent Cooperation Between the Governing Body and Chief Executive

N= 468



NOTE: Percentages do not add up to 100% because some respondents gave more than one answer.

7. CONCLUSIONS

In presenting the findings of the survey of nonprofit governance practices in Ukraine, this paper offers a unique approach to the analysis of the third sector. Ukraine is a country with more than 30,500 officially registered nongovernmental organizations, but one of their least understood aspects is the work of their governing bodies. A confusing legal framework coupled with a general lack of familiarity with governing bodies has made it difficult both to define the role and measure the effectiveness of nonprofit governance structures. Moreover, the fact that NGOs in Ukraine have traditionally been reluctant to reveal information about themselves has made it nearly impossible until now to see these bodies at work within the organizations. We hope that by raising the issue of governance this study will foster a better understanding of the contribution of governing bodies to a healthy and sustainable healthy nonprofit sector.

The fact that the response rate to this survey was almost 25 percent—a notable success in the Ukrainian context—suggests that today interest in governance is growing. One of our main hypotheses in approaching this study was that the governing bodies of Ukrainian nonprofit organizations serve only a formal role. Other suppositions were that the majority of organizations are not aware of their role, establish them only to fulfill a legal demand, and this limited understanding of the purpose of governing bodies causes unreflective and unclear management within the organizations. By means of this survey we hoped to disclose how far accurately these hypotheses describe the current situation in Ukraine.

Based on the data presented in this study, our key conclusions can be summarized as follows:

- The facts that more than one-quarter of respondents did not identify their highest governing body, and nearly one-fifth of those that identified more than one governing body could not say which had principal decision-making responsibility, suggest that there is a considerable degree of uncertainty over where the governance function resides in the organization. This impression is reinforced by the finding that in nearly one-third of organizations, governance is exercised directly by a general assembly that does not delegate authority between meetings to another governing body, such as an executive committee or board of directors. This lack of a clearly defined and positioned governance function is no doubt rooted in the vague and confusing legal framework. However, organizations themselves show little inclination to structure governance through provisions in statutes, bylaws, and other documents.
- In general, Ukrainian NGOs do not consider the integration of their governing bodies into the life of the organization an important issue. Based on “soviet” traditions, they tend to view the main function of their governing bodies as agreeing to and approving (sometimes without discussion) general decisions about program and policy, rather than serving as advisory bodies that address the specific needs of the organization. Most of the surveyed organizations regard their governing bodies as formal monitoring bodies that rarely offer hands-on assistance.
- While general outreach by governing body members is considered important, a relatively low percentage of respondents mention financial oversight, the hiring and evaluating of the chief executive, and, perhaps most important, the ensuring of accountability as main responsibilities of the governing body. This finding suggests that, while organizations view their governing bodies as an important link with the surrounding community, this function is not associated with the preservation of the public trust as a main responsibility.
- Ukrainian NGOs do not have a clear understanding of the differences between governance and management. This is reflected in the fact that, in addition to the formal oversight function assigned to governing bodies, more than 50 percent of respondents see as main responsibilities the management of day-to-day operations, management of staff, and program implementation. This finding is perhaps explained by the fact that in 90 percent of organizations, the chief executive is also the governing body chair, and in more than half of organizations, staff members have voting rights on the governing body. These findings suggest that the separation of governance and management and, with it, the ability to recognize conflict of interest, need further development among Ukrainian NGOs.
- The level of effectiveness in governing bodies is further undermined by the fact that there is little turnover in membership and new members are not oriented into the organization. In nearly half of organizations, governing body members serve terms of four or more years or with no fixed duration. Fully 78 percent of organizations report no limit on the number of terms a member may serve. Meanwhile, only 60 percent of organizations report providing an orientation program for new members.

- The results of this survey reinforce previous findings that international donor organizations are the main source of financing of NGO sector in Ukraine. Membership dues and income-generating activities represent a small portion of NGO budgets. This finding implies that governing bodies should be putting more effort into diversifying sources of financing for their organizations.
- NGO activity has mostly a volunteer character in Ukraine, with more than three-quarters of all organizations relying on volunteer labor and a similar proportion having no full-time paid staff. Most governing body members are also volunteers, although more than one-quarter of members are paid for other professional services, which they offer to the organization.
- Ukrainian NGOs generally take a minimalist approach to transparency and accountability. For example, while two-thirds of respondents publish an annual report, only one-third do so regularly. Annual reports are most commonly distributed only to a narrow audience of members (interestingly, nearly 40 percent of respondents did not identify a means of distributing annual reports, perhaps suggesting they are not distributed at all). Similarly, while 72 percent of organizations report conducting financial audits, only 33 percent do so annually.

Recommendations

This survey is the first evaluation of governance practices to be conducted in the nonprofit sector in Ukraine. The research covered different aspects of organizational activity and its results, taken together, offer a practical basis for recommendations aimed at strengthening the Ukrainian third sector. In particular, the study reveals both strengths and weaknesses among Ukrainian NGOs regarding concepts of governance as generally understood in the West.

Our research suggests that the main impediment to the development of more effective NGO governance is the legislative and political framework. Inadequacies are apparent first and foremost in the unclear legal provisions surrounding governance, especially the lack of distinctions between governance and management. The institutionalization of proper mechanisms for governance through appropriate legislative reform is vital for all types of NGOs.

Another important element in building sound governance is awareness raising among NGOs and the general public. Urgently needed is an information campaign so that both NGOs and the public know what constitutes accountable governance and can recognize good governance practices.

It is also necessary to strengthen the capacity of NGOs for effective and sound governance by offering appropriate training to staff and governing bodies. To do this standing institutions are needed that are committed to promoting effective NGO governance. Experts trained in best practices and appropriate techniques for training and consultations in governance are also essential. It is important that networks of foreign and domestic NGOs be created so they can learn from each other by exchanging experiences and participating in joint projects.

Finally, international and donor organizations must be encouraged to support the increased capacity of NGOs in the area of governance. In doing so, these organizations will help foster better understanding of the role of nonprofit organizations in the development of civil society in Ukraine and the importance of effective governing bodies to sound organizations.

The practice of NGO governance is innovative for Ukrainian NGOs. We hope that the promotion of effective nonprofit governance will reinforce the effectiveness and transparency of the sector as a whole and, in so doing, raise the level of trust and support offered by the authorities and the general public.

APPENDIX. SURVEY INSTRUMENT WITH SUMMARY OF RESULTS

Nonprofit Governance Practices in Ukraine

The following questionnaire should be completed by the chief executive of your organization.

Please answer all questions as completely and accurately as possible. In order to have a common understanding of two important terms used in the questionnaire, we would like to offer the following definitions:

Governing Body – is a formal body with legal responsibility for decision-making about the organization.

Chief Executive – is the person managing the day-to-day operations of the organization.

SECTION 1: YOUR ORGANIZATION

1. What is the legal form of your organization? (N=391)*

() Civic association	76.7%	(300)
() Charitable organization	14.6%	(57)
() Children's organization	0.3%	(1)
() Youth organization	6.4%	(25)
() Creative union	2.1%	(8)
Missing (of 468)	16.5%	(77)

2. What year was your organization first registered? (N=452) *

() before 1991	17.7%	(80)
() 1991 – 1993	20.6%	(93)
() 1994 – 1996	25.4%	(115)
() 1997 – 1999	25.7%	(116)
() 2000 – 2002	10.0%	(45)
() is not registered	0.7%	(3)
Missing (of 468)	3.4%	(16)

3. What is your organization's primary mission area? ** (N=468)***

() Culture and recreation	21.2%	(99)
() Education and research	33.1%	(155)
() Health	14.5%	(68)
() Social services	68.2%	(319)
() Environment	15.8%	(74)
() Development and housing	25.0%	(117)
() Law, advocacy and politics	55.1%	(258)
() Philanthropy and voluntarism	9.0%	(42)
() Religion	5.1%	(24)
() Business and professional assn.	8.5%	(40)
Missing (of 468)	0.0%	(0)

4. Is the mission established in the bylaws? (N=453)*

() Yes	97.1%	(440)
() No	2.9%	(13)
Missing (of 468)	3.2%	(15)

5. What is the geographic scope of your organization's activities? (N=468)*

() Local	63.5%	(297)
() National	28.8%	(135)
() International	7.7%	(36)

Missing (of 468)

0% (0)

6. Is your organization an umbrella organization? (N=436)*

() Yes	26.8%	(117)
() No	73.2%	(319)
Missing (of 468)	6.8%	(32)

7. Is your organization an organization branch? (N=440) *

() Yes	32.0%	(141)
() No	68.0%	(299)
Missing (of 468)	6.0%	(28)

8. How many paid employees work at your organization? (N=189) *

() Full time	50.8%	(96)
() Part time	41.8%	(79)
() We have no paid employees	7.4%	(14)
Missing (of 468)	59.6%	(279)

9. How many volunteers other than governing body members serve your organization annually? (N=436) *

() None	22.5%	(98)
() 1-10	27.8%	(121)
() 11-20	13.1%	(57)
() More than 20	36.7%	(160)
Missing (of 468)	6.8%	(32)

10. If your organization is a membership organization, how many members does it have? (N=291) *

() 0 – 50	22.0%	(64)
() 51 – 101	22.0%	(64)
() More than 100	56.0%	(163)
Missing (of 468)	37.8%	(177)

11. What was your organization's total budget for calendar year 2001? (N=387) *

() Up to \$500	43.4%	(168)
() \$501 – \$2,000	20.9%	(81)
() \$2,001 – \$10,000	17.1%	(66)
() \$10,001 – \$50,000	10.3%	(40)
() \$50,001 – \$150,000	4.7%	(18)
() over \$150,000	3.6%	(14)
Missing (of 468)	17.3%	(81)

* Percentages indicate positive responses for individual question and are calculated excluding missing values.

** Mission areas reflect the International Classification System of Nonprofit Organizations developed by the John Hopkins Comparative Nonprofit Sector Project under Lester Salomon. The Ukrainian questionnaire included 17 mission areas. In this report, the mission area culture and recreation combines results for separate categories culture/recreation and sport. Education and research combine results for separate categories education and research. Social services combine results for separate categories social services and youth services. Development and housing combines results for separate categories community development and economy. Law, advocacy, and politics combine results for separate categories law/advocacy, politics and women. Business and professional associations combines results for separate categories business and professional associations and agricultural organizations.

*** Percentage do not add up to 100% because some respondents gave more than one answer.

12. What proportion of the annual income is from the following sources? N=294; Missing of 468: 174 (37,1%)

Source of Income	Percent of Total Revenue					
	0%	<10%	10-25%	26-50%	51-75%	>75%
	Percent of All Organizations					
International donors	37,2%	9,0%	7,6%	4,5%	12,1%	29,6%
Charitable donations from businesses	20,4%	25,2%	21,1%	9,9%	7,5%	16,0%
Charitable donations from individuals	24,5%	39,4%	19,5%	5,8%	3,7%	7,1%
Government (local and/or national)	35,9%	25,3%	15,7%	8,8%	6,9%	7,4%
Membership dues	25,6%	38,2%	13,0%	6,9%	2,7%	13,7%
Income-generating activities	49,1%	20,8%	10,1%	8,8%	1,9%	9,4%
Other	62,4%	19,3%	7,3%	3,7%	2,8%	4,6%

13. Does your organization publish an annual report? *

(N=450)		() Board of directors	54.3%	(107)
		() Other	16.2%	(32)
() Yes	65.7%	(296)	Missing (of 468)	57.9%
() No	34.3%	(154)		
Missing (of 468)	3.8%	(18)		

In the questions that follow, please refer only to the principal governing body.

14. If yes, how often? (N=281) *

() Every year, beginning in year	65.8%	(185)
() Occasionally	34.1%	(96)
Missing (of 468)	39.9%	(187)

19. How many members does the governing body have?

(N=445) *		
1-5	39.3%	(175)
6-15	44.0%	(196)
15 + members	16.7%	(74)
Missing (of 468)	4.9%	(23)

15. How was the last annual report distributed? (N=205) *

() Mass media	24.4%	(50)
() Authorities	8.3%	(17)
() Annual conference / meeting	60.0%	(123)
() Members of Governing Body	7.3%	(15)
Missing (of 468)	56.2%	(263)

20. How many governing body members are women?

(N=390) *		
1-5	69.2%	(270)
6-10	18.7%	(73)
11+members	12.1%	(47)
Missing (of 468)	16.7%	(78)

SECTION 2: SIZE & STRUCTURE OF THE GOVERNING BODY

16. What is the name of your organization's highest governing body according to the statute or bylaws of the organization? (N=350) *

() Membership council	6.6%	(23)
() General assembly	63.7%	(223)
() Chairman's council	1.7%	(6)
() Steering committee	2.9%	(10)
() Board of directors	25.1%	(88)
Missing (of 468)	25.2%	(118)

21. How many governing body members are men? (N=385) *

1-5	65.2%	(251)
6-10	17.4%	(67)
11+members	17.4%	(67)
Missing (of 468)	17.7%	(83)

22. Is the chair of the governing body male or female?

(N=446) *		
() Male	60.5%	(270)
() Female	39.5%	(176)
Missing (of 468)	4.7%	(22)

17. Does the governing body designated above delegate decision-making responsibilities to a governing body or other governing body? (N=433) *

() Yes	55.0%	(238)
() No	45.0%	(195)
Missing (of 468)	7.5%	(35)

23. How many governing body members are in the following age groups? (N=250)

() under 30 years old	Mean	1.5
() 30-40	Mean	2.5
() 40-50	Mean	2.3
() 50-60	Mean	1.9
() over 60	Mean	1.8
Missing (of 468)	46.6%	(218)

18. If your organization has more than one governing body, which is the principal governing body? (N=197) *

() Chief Executive	9.2%	(18)
() General assembly	20.3%	(40)

24. What is the ethnic composition of your governing body? (N=433) ***

Ukrainians	95.4%	(413)
Russians	52.7%	(228)
Other	26.1%	(113)
Missing (of 468)	7.5%	(35)

25. Is/are the founder(s) member(s) of the governing body? (N= 443) *

() Yes	86.0%	(381)
() No	14.0%	(62)
Missing (of 468)	5.3%	(25)

26. How is the size of the governing body determined? (N=451) *

() In the bylaws	56.3%	(254)
() By decision of current governing body members	27.5%	(124)
() By decision of chief executive	4.0%	(18)
() Other	12.2%	(55)
Missing (of 468)	3.6%	(17)

27. Who is responsible for nominating new members of the governing body? (N=468) ***

() Current governing body members	27.4%	(128)
() The founder(s) of the organization	16.9%	(79)
() The chief executive or other staff members	17.3%	(81)
() Organization members	66.9%	(313)
() A separate group, such as a religious body or government agency	1.1%	(5)
() Donors	0.9%	(4)
() Parent organization	1.9%	(9)
() Other	7.8%	(36)
Missing (of 468)	0.0%	(0)

28. Who is responsible for electing new members of the governing body? (N=468) ***

() Current governing body members	14.3%	(67)
() The founder(s) of the organization	8.8%	(41)
() The chief executive or other staff members	6.2%	(29)
() Organization's members	79.9%	(374)
() A separate group, such as a religious body or government agency	0.2%	(1)
() Donors	1.1%	(5)
() Parent organization	1.3%	(6)
() Other	5.3%	(25)
Missing (of 468)	0.0%	(0)

29. How long are the terms of office for members of the governing body? (N=446) *

() 1 year	10.1%	(45)
() 2 years	18.4%	(82)
() 3 years	23.8%	(106)
() 4 or more years	29.8%	(133)
() No limit	17.9%	(80)

Missing (of 468) 4.7% (22)

30. How many consecutive terms may members of the governing body serve? (N=447) *

() 1 term	2.2%	(10)
() 2 terms	10.8%	(48)
() 3 or more terms	9.4%	(42)
() No limit	77.6%	(347)
Missing (of 468)	4.5%	(21)

31. Are members of the governing body paid a fee, salary, or honorarium for their service? (N=445) *

() Yes	13.5%	(60)
() No	86.5%	(385)
Missing (of 468)	4.9%	(23)

32. Do members of the governing body provide other professional services for which they are paid? (N=425) *

() Yes	28.7%	(122)
() No	71.3%	(303)
Missing (of 468)	9.2%	(43)

33. If yes, how much? (N=123) *

() 0 – 200 hryvnas	56.9%	(70)
() 201 – 500 hryvnas	30.9%	(38)
() more than 500 hryvnas	12.2%	(15)
Missing (of 468)	73.7%	(345)

34. Are travel costs and other expenses associated with governing governing body membership reimbursed? (N=420) *

() Yes	49.8%	(209)
() No	50.2%	(211)
Missing (of 468)	10.3%	(48)

SECTION 3: RESPONSIBILITIES OF THE GOVERNING BODY

35. What are the main roles and responsibilities of the governing body? (N=468) ***

() Overseeing programs of organization	72.4%	(339)
() Formulating policy for organization	69.2%	(324)
() Identifying organization's mission and goals	61.3%	(287)
() Approving budget	44.2%	(207)
() Monitoring organization's finances	38.2%	(179)
() Fund-raising	46.2%	(216)
() Strategic planning	57.3%	(268)
() Establishing/monitoring programs and services	31.8%	(149)
() Managing day-to-day operations	52.4%	(245)
() Approving grants	26.9%	(126)
() Hiring and training new staff	15.6%	(73)
() Approving work of staff	27.8%	(130)
() Handling complains from stuff	28.6%	(134)
() Lending prestige or legitimacy to organization	48.7%	(228)
() Giving expert advice	26.3%	(123)

() Hiring and firing chief executive	23.7%	(111)
() Evaluating chief executive	38.5%	(180)
() Strengthening organization's public image	61.1%	(286)
() Cultivating relations with constituencies	34.6%	(162)
() Ensuring accountability	39.1%	(183)
() Selecting and orienting new members of governing body	28.2%	(132)
() Evaluating own activities	56.4%	(264)
() Other	5.3%	(25)
Missing (of 468)	0.0%	(0)

36. Of the activities above, rank the four that are the most important. (N=377) ***

a. Overseeing programs of organization	23.1%	(87)
b. Identifying organization's mission and goals	18.8%	(71)
c. Strategic planning	15.1%	(57)
d. Formulating policy for organization	12.7%	(48)
Missing (of 468)	19.4%	(91)

37. How often does your organization conduct a financial audit? (N=422) *

() Once a year	33.4%	(141)
() Every 2 years	10.0%	(42)
() Occasionally	28.9%	(122)
() Never	27.7%	(117)
Missing (of 468)	9.8%	(46)

38. Who conducts the financial audit? (N=440) *

() Governing body	26.4%	(116)
() Staff	6.0%	(26)
() An outside auditor	28.9%	(127)
() An advisory body	20.9%	(92)
() Other	18.0%	(79)
Missing (of 468)	6.0%	(28)

39. How often does your organization evaluate its core program? (N=440) *

() Once a year	66.1%	(291)
() Every two years	8.0%	(35)
() Occasionally	23.4%	(103)
() Never	2.5%	(11)
Missing (of 468)	6.0%	(28)

40. Who evaluates the core program? (N=468) ***

() Governing body	75.6%	(354)
() Staff	14.1%	(66)
() An outside evaluator	2.8%	(13)
() An advisory body	14.3%	(67)
() Other	9.2%	(43)
Missing (of 468)	0.0%	(0)

41. What standing committees does the governing body have? (N=468) ***

() Finance	16.7%	(78)
() Strategic planning	15.6%	(73)
() Executive	35.5%	(166)

() Programs	22.9%	(107)
() Nominating	2.8%	(13)
() Fundraising	11.3%	(53)
() Other	12.6%	(59)
() None	35.9%	(168)
Missing (of 468)	0.0%	(0)

42. Is there an orientation program for new members of the governing body? (N=434) *

() Yes	60.4%	(262)
() No	39.6%	(172)
Missing (of 468)	7.3%	(34)

43. Is there a written job description for members of the governing body? (N=443) *

() Yes	46.7%	(207)
() No	53.3%	(236)
Missing (of 468)	5.3%	(25)

44. When was the last time your organization completed a strategic plan? (N=455) *

() Before 2002	16.5%	(75)
() In 2002	34.1%	(155)
() In 2003	27.0%	(123)
() Not in recent memory	22.4%	(102)
Missing (of 468)	2.8%	(13)

SECTION 4: MEETINGS OF THE GOVERNING BODY

45. How often does the governing body meet? (N=468) *

() Once a year	13.9%	(65)
() Twice a year	10.7%	(50)
() 4 times a year	29.3%	(137)
() Monthly	28.0%	(131)
() Other	18.1%	(85)
Missing (of 468)	0.0%	(0)

46. Who decides when to call a meeting? (N=468) ***

() The frequency of meetings is specified in the by-laws.	46.6%	(218)
() The governing body decides when to hold meetings.	30.6%	(143)
() The chair of the governing body decides when to hold meetings.	26.9%	(126)
() The chief executive decides when to hold meetings.	29.5%	(138)
() Other	6.0%	(28)
Missing (of 468)	0.0%	(0)

47. Who is responsible for the meeting agenda? (N= 440) ***

() Chair of the governing body	49.7%	(219)
() Chief executive or staff	18.6%	(82)
() Both chair and chief executive or staff	31.7%	(139)
Missing (of 468)	6%	(28)

48. How many members of the governing body usually attend meetings? (N= 446) *

() All	36.5%	(163)
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() More than half	51.8%	(231)
() About half	7.8%	(35)
() Less than half	2.8%	(12)
() Very few	1.1%	(5)
Missing (of 468)	4.7%	(22)

49. Are minutes taken at meetings? (N=444) *

() Yes	84.5%	(375)
() No	15.5%	(69)
Missing (of 468)	5.1%	(24)

50. What are the most common items on the meeting agendas? (N=468) ***

() Listening to and approving committee reports	36.1%	(169)
() Listening to staff reports	40.2%	(188)
() Reviewing financial statements	45.3%	(212)
() Discussing fund-raising strategies	38.7%	(181)
() Dealing with crises	28%	(131)
() Discussing internal policy questions	64.7%	(303)
() Discussing management issues	50.9%	(238)
() Planning for the future	89.3%	(418)
() Evaluations (of programs. chief executive. or the governing body)	48.5%	(227)
Missing (of 468)	0.0%	(0)

51. Of the categories above, rank the two that occupy the greatest amount of time? (N=281)***

a. Planning for the future	94.0%	(264)
b. Discussing internal policy questions	29.2%	(82)
Missing (of 468)	39.9%	(187)

SECTION 5. THE RELATIONSHIP OF THE GOVERNING BODY AND THE CHIEF EXECUTIVE

52. What is the name of your position in the organization? (N=468) *

() Executive director	77.9%	(365)
() President	17.4%	(81)
() Secretary	4.7%	(22)
Missing (of 468)	0.0%	(0)

53. What is your occupation status in the organization? (N=468)***

() Full-time employee	32.7%	(153)
() Part-time employee	11.1%	(52)
() Volunteer. paid for work in projects	22.4%	(105)
() Unpaid volunteer	47.9%	(224)
Missing (of 468)	0%	(0)

54. A number of recent studies report that chief executives often perform tasks similar to those of governing bodies. Please indicate which of the activities below are performed by the chief executive (N=468)***

() Overseeing programs of organization	64.3%	(301)
() Formulating policy for organization	58.8%	(275)
() Identifying organization's mission and	56.8%	(266)

() Approving budget	33.3%	(156)
() Monitoring organization's finances	42.7%	(200)
() Fund-raising	44.9%	(210)
() Strategic planning	59.4%	(278)
() Establishing/monitoring programs and services	28.8%	(135)
() Managing day-to-day operations	42.9%	(201)
() Approving grants	22.4%	(105)
() Hiring and training new staff	32.1%	(150)
() Approving work of staff	42.5%	(199)
() Lending prestige or legitimacy to organization	60.5%	(283)
() Giving expert advice	32.1%	(150)
() Strengthening the organization's public image	66.9%	(313)
() Cultivating relations with constituencies	53.2%	(249)
() Ensuring accountability	41.2%	(193)
() Selecting and orienting new members of the governing body	26.5%	(124)
() Evaluating activities of the governing body	27.1%	(127)
() Other	4.3%	(19)
Missing (of 468)	0%	(0)

55. Does the chief executive have a job description? (N=448) *

() Yes	58.0%	(260)
() No	42.0%	(188)
Missing (of 468)	4.3%	(20)

56. Is the chief executive also a founder of the organization? (N=444) *

() Yes	75.0%	(333)
() No	25.0%	(111)
Missing (of 468)	5.1%	(24)

57. Is the chief executive a member of the governing body? (N=450) *

() Yes	93.7%	(422)
() No	6.3%	(28)
Missing (of 468)	3.9%	(18)

58. Does the chief executive have voting rights on the governing body? (N=453) *

() Yes	97.1%	(440)
() No	2.9%	(13)
Missing (of 468)	3.2%	(15)

59. Is the chief executive also the chair of the governing body? (N=446) *

() Yes	81.6%	(364)
() No	18.4%	(82)
Missing (of 468)	4.7%	(22)

60. Are staff members also members of the governing body? (N=407) *

() Yes	62.9%	(256)
() No	37.1%	(151)

goals		Missing (of 468)	13%	(61)
61. Do staff members have voting rights on the governing body? (N=395) *				
() Yes	61.7%	(244)	() Strengthening of institutional capacity	15.6% (52)
() No	38.3%	(151)	() Trainings. information and consultations	35.4% (118)
Missing (of 468)	15.6%	(73)	() Organizational aid	5.2% (17)
62. If staff are members of the governing body, what are their staff positions? (N=228) *				
() Head of organization	40.4%	(92)	Missing (of 468)	28.8% (135)
() Deputy head of organization	28.9%	(66)	67. What is the most important thing the governing body does to assist the chief executive in his or her work? (N= 363) *	
() Accountant	22.8%	(52)	() Active participation	32.8% (119)
() Member of organization	7.9%	(18)	() Informational support/ consultations	20.1% (73)
Missing (of 468)	51.3%	(240)	() Organizational aid	24.8% (90)
63. In what areas do the governing body and chief executive work together most often? (N=468)***				
() Fund-raising	61.1%	(286)	() Cooperation	22.3% (81)
() Crisis management	25.4%	(119)	Missing (of 468)	22.4% (105)
() Community relations	68.6%	(321)	68. Is there anything related to the topics of this questionnaire you would like to add? (N= 165) *	
() Financial oversight	37.4%	(175)	() Co-operation with local authority	49.1% (81)
() Policy formulation	66.5%	(311)	() Improving of legislation	10.9% (18)
() Relations with outside groups	50.2%	(235)	() Financial aid	17.0% (28)
() Program oversight	57.3%	(268)	() Methodological support	12.1% (20)
() Advocacy	39.3%	(184)	() Strengthening of institutional capacity	10.9% (18)
() Other	1.9%	(9)	Missing (of 468)	64.7% (303)
Missing (of 468)	0.0%	(0)		
64. In what areas do the governing body and chief executive work best together? (N=468) ***				
() Fund-raising	37.8%	(177)		
() Crisis management	17.5%	(82)		
() Community relations	53%	(248)		
() Financial oversight	25.2%	(118)		
() Policy formulation	55.1%	(258)		
() Relations with outside groups	37.8%	(177)		
() Program oversight	43.4%	(203)		
() Advocacy	31.2%	(146)		
() Other	1.5%	(7)		
Missing (of 468)	0.0%	(0)		
65. In what areas do the governing body and the chief executive work least well together? (N=468)***				
() Fund-raising	18.2%	(85)		
() Crisis management	23.3%	(109)		
() Community relations	11.8%	(55)		
() Financial oversight	10.0%	(47)		
() Policy formulation	7.9%	(37)		
() Relations with outside groups	14.7%	(69)		
() Program oversight	10.7%	(50)		
() Advocacy	13.2%	(62)		
() Other	8.3%	(39)		
Missing (of 468)	0.0%	(0)		
66. What is the most important thing the chief executive does to assist the governing body in its work? (N= 333) *				
() Financial aid	43.8%	(146)		

NOTES
