

Trust in charitable
organizations in Ukraine

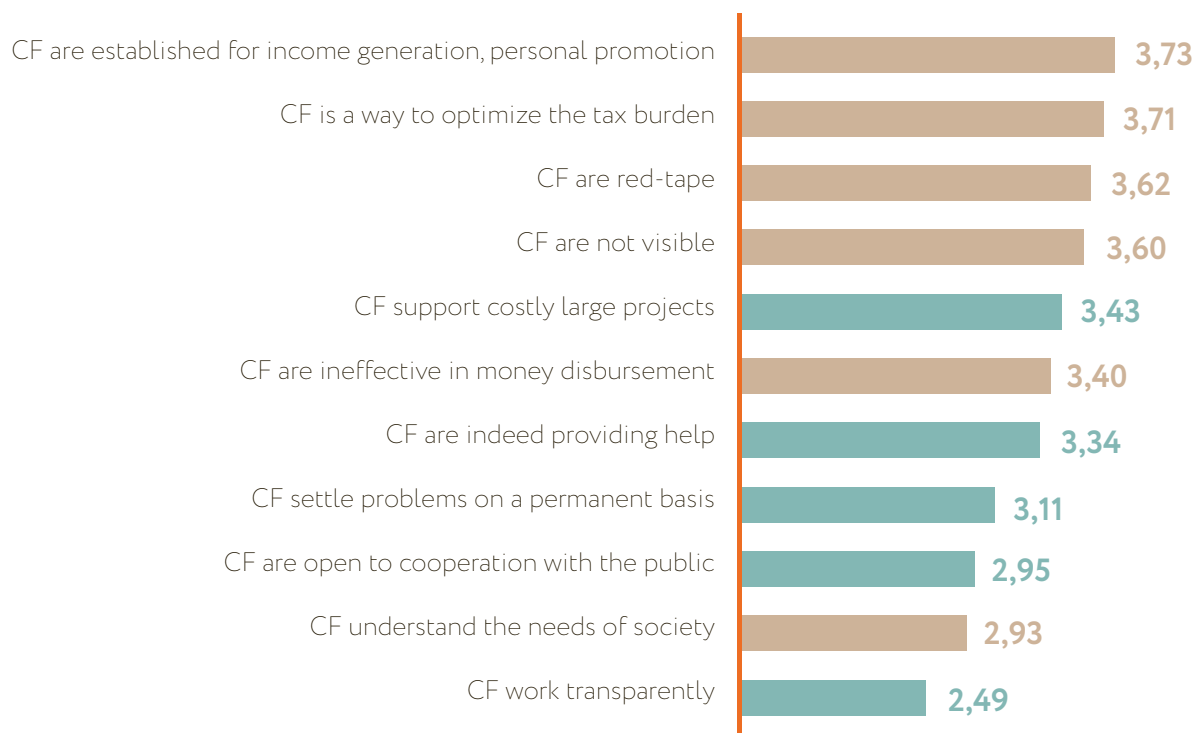
In modern Ukrainian society, charity is generally perceived as something positive. People believe that it is an extremely popular and important activity. At the same time, its prevalence in the country is defined as mediocre, and Ukrainians are quite pessimistic when assessing their chances of receiving assistance if necessary. Against this background, it is easy to assume that charitable foundations and organizations should enjoy broad support among the population. However, the findings of several surveys conducted over the past year by Ukrainian Center for the Study of Public Opinion Socioinform for Zagoriy Foundation do not give grounds for such an unambiguous conclusion.

Level of trust of Ukrainians in charitable organizations: preconditions and consequences

In fact, **Ukrainians have ambivalent attitudes to charitable organizations.** On a scale from 1 to 5, where 1 is full distrust and 5 is complete trust, the level of trust of Ukrainians is at 2.9 (that is, this level is mediocre with a trend to distrust). This assessment is evidenced by the findings of a national survey, in which the respondents were asked to indicate the extent to which they agree or disagree with a number of statements about the work of charitable foundations.

Level of agreement with statements about the work of charitable foundations

on a scale from 1 to 5, where 1 is for 'strongly disagree,' and 5, 'strongly agree.'

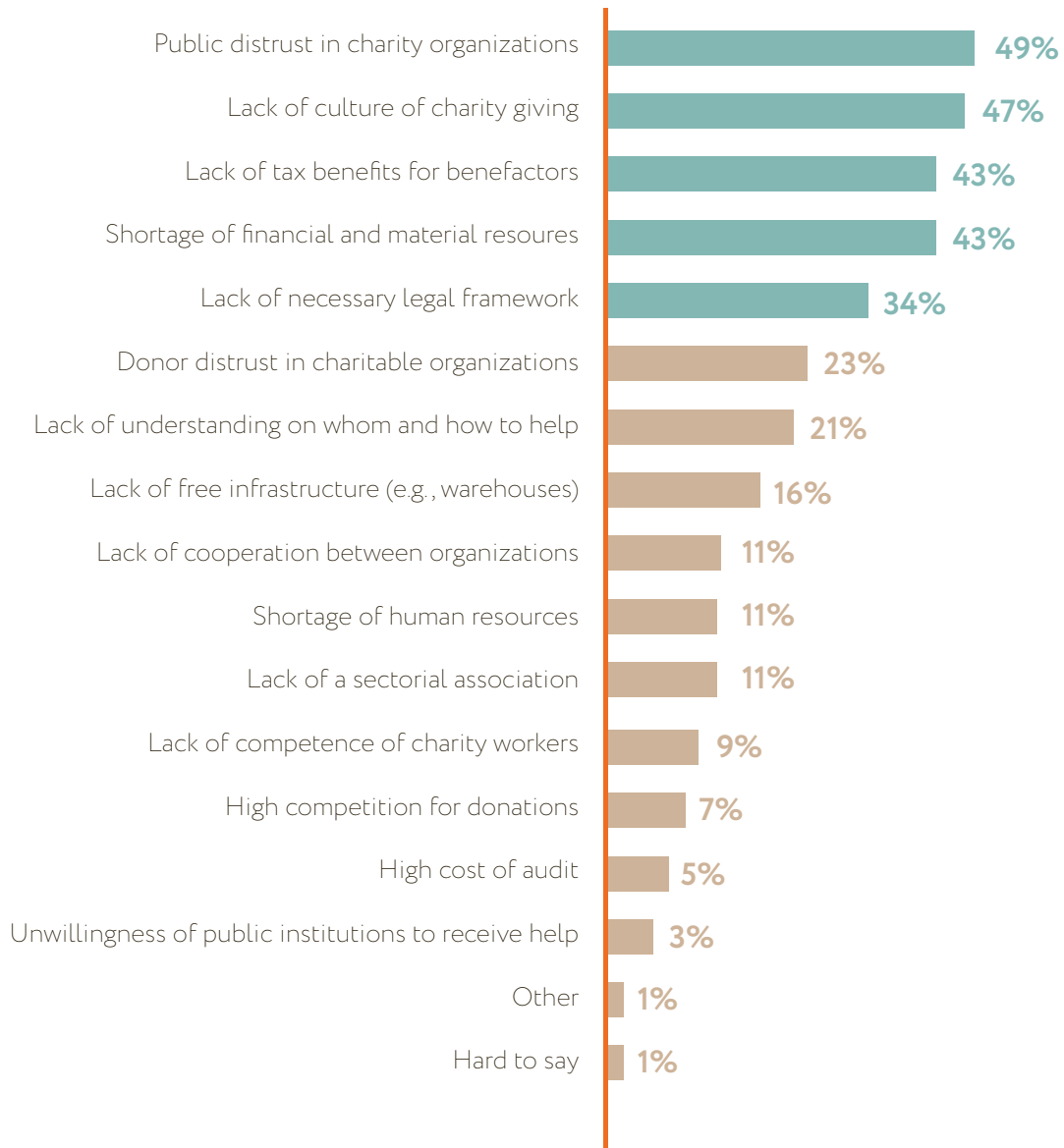


That is, **the image of charitable foundations in Ukraine is negative rather than positive.** Namely, the respondents “rather agree” with all the negative statements about charitable organizations and have doubts about the veracity of positive ones. The only advantage of charitable foundations that the respondents tend to agree with is that they fund large and costly projects. At the same time, the respondents do not believe in their transparency, impartiality, efficiency, and consider them to be too bureaucratic. Respondents also unsure whether charitable foundations really provide assistance on a permanent basis, are open to cooperation with the public and understand the needs of society.

On the other hand, due to the distrust in charitable organizations and foundations, Ukrainians are reluctant to donate money, are not ready to join their initiatives as volunteers and are even afraid to ask help from them. *“I will apply to the foundation only as a last resort. I’m afraid of refusal. Or, they can promise and then refuse. And I am kind of embarrassed,”* a woman from Kyiv expressed her thoughts during the interview. **Distrust is the main factor hindering the development of the charity sector in Ukraine as a whole.**

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Which of the following are the main deterrents to the development of charity in Ukraine in general?



These and other factors make the charity sector to distract a significant resource – not only money, but also time and creativity – from direct charitable activities for overcoming stereotypes prevailing among the people and promote its reputation. A lot of effort is focused on mobilizing donations (finding new and creative forms of fundraising), ensuring media presence, such as updating the website, pages on social networks, delivering public events, media interviews, as well as reporting (progress, financial reporting, financial audits).

An equally important consequence of public distrust in charitable organizations is often a low level of job satisfaction among the employees of charitable foundations. When they feel gratitude, respect and support, it prevents them from professional burnout, inspires for new achievements, while the lack of feedback or even accusations of mercenary interests demotivate them, thus contributing to the outflow of professionals from this sector.

An unobvious yet critical consequence of public distrust in charitable organizations is that they attempt to prevent accusations of mercantilism and to direct as much revenue as possible directly to help the beneficiaries. And it leads to the fact that there is no resource left for training, development and staff motivation, for organizational development, and hence for the growth of both their own initiative and the charity sector as a whole. *“We need to change the structure of work, reconsider our attitude to work and explain the private sector that we are also experts, and not just do what the private sector wants us to do. That is, money is needed not only for the procurement of equipment/providing aid, but also for administrative costs,”* explains a representative of a charitable foundation from Kyiv.

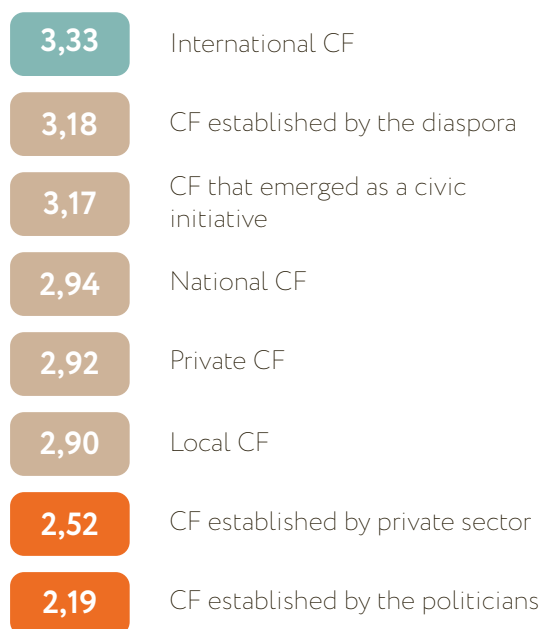
Finally, there are more global implications for the sector as a whole. Distrust in charitable foundations and organizations encourages donors to redirect financial resources to less professional and less experienced volunteer initiatives, or to directly help those in need, bypassing charitable foundations. As a result, money can be used less optimally, do not yield to strategic solutions to the problems, and less popular beneficiaries and large projects are at risk. *“During the lockdown, interest groups gathered to bring food to people. They do not have lists of beneficiaries. Some were brought food five times a week, and some never [received it]. And it is not clear whether the supply of food will continue after the surge,”* said a representative of a charity foundation from Lviv.

The level of trust in charitable organizations among experts: key differences

While the index of trust in charitable foundations among the population of Ukraine as a whole is 2.9 out of 5, among the charitable workers, it reaches 3.4. The same high level of trust in charitable organizations is expressed by the expert community which in one way or another interacts with the charity sector: beneficiaries, media, the government, business. According to them, charitable organizations perform an extremely important function – they take care of problems that have gone unnoticed by the government. *“In fact, they are doing fantastic work. They raise a lot of money. They address the problems that for one reason or another are not addressed by the authorities,”* a representative of a beneficiary organization from Lviv highly appreciates the activities of charity workers. *“It’s great that they are there. The charity workers whom I met actually work and provide help,”* adds a private sector representative from Kharkiv.

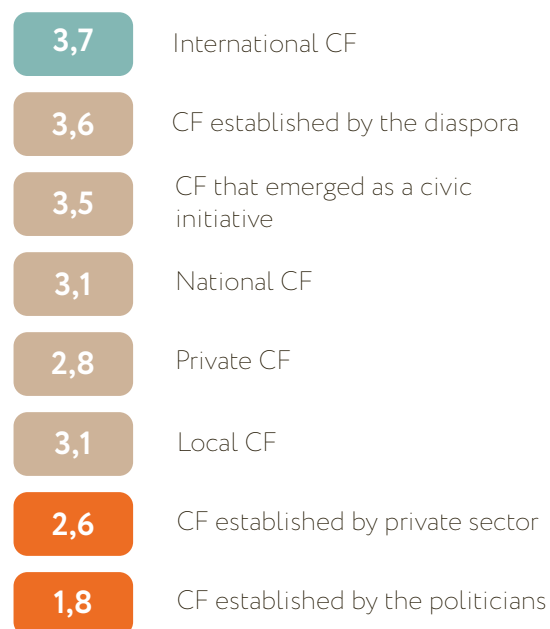
Average level of trust, population of Ukraine

On a scale from 1 to 5, where 1 is for “don’t trust at all” and 5, “completely trust”



Average level of trust, charity workers

On a scale from 1 to 5, where 1 is for “don’t trust at all” and 5, “completely trust”



At the same time, experts do not tend to have indiscriminate trust in the foundations. For example, respondents in a survey list a significant number of risks of cooperation with charitable foundations and note that not all of them are equally integral. *“I would say that 97-98% are fraudsters, and 2-3% are real charitable foundations. Especially private ones are more like that. Often, they are set up to cover up some activities or lobbying for something,”* said an entrepreneur from Lviv.

It is obvious that trust in charitable foundations both among the population and among experts is not an unconditional attitude. Charitable foundations established by politicians and private business are “rather not trustworthy.” International charitable foundations are “rather trustworthy.” National CF and local CF that emerged as a civic initiative are something in-between in terms of trust.

At the same time, focus groups and in-depth interviews suggest that **the trust of Ukrainians in charitable foundations is determined not so much by the segment to which they belong as by the reputation of each individual stakeholder.** *“If I know them, if I see their activities, I know people personally, then I trust them. I don’t trust the unknown,”* a representative of a public authority from Lviv summarizes the opinion of many respondents.

Comparison of the reasons for distrust in charitable organizations among the population and the experts

The focus group participants tried to explain their distrust in charitable foundations, thus, their reasoning can clarify the origins of this public attitude. First of all, there is a widespread opinion among the population that **charitable foundations are set up mainly to pursue mercenary interests**. In particular, they are suspected of raising funds for their own use. *“A head of a foundation can set himself or herself any salary, even UAH 100 thousand. And it turns out like this – they receive a million, they pay at least a half of it as salaries, taxes, and the beneficiaries only receive the residues. They earn money on that,”* a member of a focus group from Kyiv tries to make calculations in his imagination. Foundations founded by politicians are suspected of trying to bribe voters, and those set up by the private sector are suspected of covertly improving their own reputation or optimizing taxes. *“I have doubts that they are not taxed and their businesses can run there,”* says a Chernihiv resident. In addition, focus group participants suggested that money used by such foundations were forcibly collected from ordinary people (for example, through artificially inflated tariffs/prices or abuse of power). *“I see it like this – here he has a box of apples, he gave one apple away and showed on TV that he is such a good guy. Well, the amount allocated for charity is already a part of price for the goods they sell. We pay it when we buy it,”* says a resident of Kherson.

In fact, representatives of the charity sector (employees of foundations) do not deny that some abuses are there in this sector. The most common of them are irrational distribution of aid (30% of respondents note that it is a widespread issue); misuse of charitable funds by charitable organizations (27%) and beneficiaries of assistance (24%). Respondents were less likely to hear about kickbacks to those who provide aid (15%) or receive it (13%)

Focus group participants also do not like the fact that the foundations keep part of the collected money for operational expenses of the organization, while direct assistance to the needy means that 100% money should be given to them. *“The foundation has vehicles, some premises, equipment, and so on. And it turns out like this – they receive a million, they pay at least a half of it as salaries, taxes, and the beneficiaries only receive what is [left],”* explains one of the respondents from Kyiv.

Also, charitable foundations and organizations are not trusted because their activities are invisible to the public. **There is too little information about the assistance provided and the effectiveness of the foundations.**

In addition, they often do not report on their progress. *“Trust in them has dropped. The main reason is that they collect money and do not show their results. Do not report them. If I gave a hryvnia, you should use it in and show me how you used it. I have to see the ultimate result,”* a Kharkiv resident explains her distrust in charities. *“I do not trust. Our people do not turn to the foundations when they get sick, but turn to the community to seek help from people from their village. I have not yet heard of any foundation helping this or that person. They don’t help,”* says confidently a resident of a village in Lviv region.

According to respondents to the survey, an important obstacle to building trust in charitable organizations and foundations is **that charitable foundations are ‘closed’ and ‘distanced’ from regular Ukrainians.** They are often perceived as complex and incomprehensible institutions that are difficult to approach. Many people do not know where to go when necessary, on which conditions they may receive help – mostly because people do not see successful cases around them.

It is widely believed that the foundations are too bureaucratic, while the friends, neighbors and colleagues are able to help quickly and without unnecessary questions. *“We don’t even know where to go and how to document it. Write a statement? Their activities are quite opaque and incomprehensible,”* a Kharkiv resident shares her thoughts.

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“People do not understand the principle of money allocation. For instance, we have a foundation majoring on education. How does it choose five students to support? Due to the closed nature of the foundation, people do not see [their work],” Lviv residents add.

The **scandals involving charitable foundations** that repeatedly flare up in the media also undermine the trust in them. Ukrainians still remember the scandal around the Children’s Hospital of the Future project. *“They cannot find the foundation of Yushchenko’s wife ... They collected money all over the country for a children’s hospital ... Because our corruption is so embedded that they can’t help but steal. That’s when someone will be imprisoned – for instance, the wife of Yushchenko – and everyone around her will be imprisoned, then the foundation will be found, and the money will be found and returned, that’s when I will trust in them,”* says one of the participants in the focus groups from Dnipro.

After all, **corruption is so prevalent** in the country that many find it difficult to imagine that there are institutions that have not been affected by corruption. *“Well, we don’t control a lot of things in the country, but in the charity sector, there is no control at all. Probably, nothing is fair there at all. They collect money, accumulate it, and then it vanishes somewhere. Maybe, not all of them, but most of them are certainly corrupt,”* says a resident of a village in Kherson region. Media experts emphasize that incriminating journalistic investigations contribute to strengthening of this stereotype, while positive emphasis on charity topics is covered in a very limited way.

The activity of a number of charitable foundations created at hospitals, schools, kindergartens, etc. does not promote trust in charitable organizations as well. They have nothing to do with the charity, as they work with ‘voluntary-extorted’ donations. **Moreover, these forms of ‘charity’ are most often encountered by regular citizens.**

Some respondents complain that charitable foundations refuse to help or that their help is too small. *“They possess large sums of money, like millions of hryvnias or whatever. And they only support treatment for four persons,”* Kherson resident believes.

International charitable foundations that are leaders in terms of trust are often suspected of being **agents of foreign powers** due to the prevalence of various conspiracy theories among general public.

“We missed one issue ... We have so-called ‘grant-eaters’ that seem to be trying to do something for society, but at the same time defend the interests of another state,” says a survey participant from Chernihiv.

Experts note several other reasons that undermine trust in charitable organizations. First, it is **the lack of a culture of interaction between charitable foundations**, competition for resources and ideas. “There are a lot of ‘shadow’ foundations that copy strategies and modalities developed by other foundations. For example, we published something that we invested a lot of effort and time in, and we see other foundation having taken our product and publishing it as if it was its own. That is, these foundations don’t have their [own] ideas,” says a representative of a charity from Lviv. Secondly, it is a non-systemic activity, namely the attempt of the charity sector to address certain need as soon as possible rather than to eliminate its root causes.

Ways to improve trust in charitable foundations

When discussing the ways to increase trust in charitable foundations, respondents from both groups – general public and the experts – shared common thoughts. They both emphasize that key steps included **reporting the results of activities, making financial statements publicly available, and having transparent rules for receiving assistance.**

With regard to reporting, experts emphasize the importance for charitable foundations to conduct external and internal audits. Such audits/surveys should be conducted not only to verify the financial statements, but also to examine the needs of society/audiences that the foundations work with, as well as to optimize their activities. Whereas such audit may require significant funding, charitable organizations with limited funding may engage civil society to conduct it, allocate money for joint surveys, or engage more actively with social media. Ultimately, audits can warn society against fraud in this sector. *“We go through so many audits. We pay. But there are one-day organizations that just break this system. I would introduce accreditation for charitable organizations,”* says a representative of a Lviv-based charitable foundation.

Charities need to be more proactive in working with the media, learn to promote themselves and their work. It is necessary to work more actively in social networks not only for better coverage of their activities, but also for involvement of public in charity.

According to experts, the following factors will help increase trust in charitable foundations:

- **Publicity.** It is about the openness of information about the founders, employees of a foundation and its donors. It is also important to report the activities of a foundation, share of specific stories, publish annual reports.

- **Transparency and accessibility.** Transparent rules for receiving assistance, fair principles of decision-making on the allocation of money, creation of platforms for feedback from customers of the foundation and partners.
- **Setting up different feedback channels:** phone, messengers, etc.
- **Cooperation in the field of charity:** between charitable organizations – to achieve a common goal; between charitable organizations, the government, business, media, and beneficiaries – to synchronize efforts and better understand the needs of the community.
- **Active engagement of the public to volunteer activities,** including involvement of those who receive assistance in volunteer work.
- **Setting up an association of charitable foundations** that would have the authority to supervise activities of charitable foundations and guarantee their reliability.

And yet it is critical to remember that the main prerequisite for trust is honest work. *“A foundation that that everyone knows. A foundation that has shown its work. I know about its results, about its work – so, it can be trusted,”* a respondent from a town in Zhytomyr region illustrates this opinion. This work can be promoted through reporting and active presence in the media, as well as through active communication with people.