Government Regulation In The Russian Nonprofit Sector: The Case Of Socially Oriented NGOs

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Over the last ten years regulatory innovations of the Russian Government affecting the nonprofit sector caused mostly bad press. At least two major waves of criticism nationally and internationally can be registered. One occurred in 2006 – 2007 caused by legislation drastically raising administrative reporting requirements for NGOs and raising transaction costs for the whole nonprofit sector. The other wave of criticism followed the introduction in 2012 of the Foreign Agents Act. Special registration and reporting requirements were introduced for NGOs receiving funding from international sources and engaging in “political activities”. The public image of the nonprofit sector suffered since the law prompted raised suspicions against NGOs, aggravating popular attitudes of distrust thus hampering the development of institutionalized civil society. Does that mean that Russia is excluded from the global rise of civil society? Does that mean that the Russian Government completely ignores the benefits of civic engagement, of participatory approaches to providing social services? Our analysis centered on the most recent regulatory measures affecting NGOs making up almost 70% of the Russian nonprofit sector shows a more mixed and a less pessimistic picture.

We assess Russian regulatory framework enacted in 2009 – 2013 designed to channel government support to SO NPOs by comparing it with tools of government employed to facilitate cross-sector partnership in the delivery of social services in selected foreign countries. For a theoretical framework of the investigation of interaction between government and SO NPOs we rely on the demand / supply model and in particular on the theory of market and government “failure”. The employed empirical material includes full-text versions of relevant Russian Federal norms and regulations, selected matching documents of foreign countries, data of sociological surveys of Russian NPOs conducted by NRU HSE. Firstly, principles used by Russian lawmakers to define legally the subsector of SO NPOs are investigated. The analysis of tools of government support introduced by the enacted norms and regulations is then arranged by major form of support: financial, transfer of property rights, tax incentives etc. Data is featured on the scope of government support for SO NPOs at the federal level of government and in part at the level of regions. International comparisons follow, showing substantial similarity to government tool kits employed to support NPOs elsewhere in the world. This relates to criteria of legal eligibility for support and to the composition of the tool kit, which includes government subsidies / grants, tax incentives etc.

The results of our analysis allow for some suggestions for further policy. Although the set of measures discussed constitutes a serious positive innovation in Russian government practices vis-à-vis SO NPOs there remains room for expansion of the Russian government tool kit to support SO NPOs. Particular attention to implementation practices of the new legal norms is advised: keeping administrative barriers for access to government support reasonably low should be a clear priority for government agencies put in charge of implementing support programs launched. Further policy development should address promotion of good governance in the nonprofit sector, facilitation of self-regulation, strengthening institutional sustainability.

Selected References
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