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## **Russian Policy Toward Nonprofits Viewed Through the Tools Lens**

# IN LIEU OF AN INTRODUCTION

# SOME THEORY

# SOME DATA

# SOME CONCLUSIONS

# IN LIEU OF AN INTRODUCTION

“... most often cross-sectoral cooperation in the delivery of social services develops in search of a response to public frustration with the cost and the effectiveness of government welfare programs “ (Salamon, L.M. (editor) (2002) *The Tools of Government: A Guide to the New Governance.*)

The aim of the government support for NPOs is “...to activate the potential of charity and volunteering as a social development resource, which will serve the emergence and dissemination of innovative practices of social activity and augment budgetary sources of funding by tapping extrabudgetary (= private) sources to solving social problems and attract volunteers’ labor to the social sphere”. (Government of the Russian Federation. (2009). *A Concept to Facilitate the Development of Charitable Activities and Volunteering in the Russian Federation. Approved by Federal Government Decree No. 1054, June 30, 2009*)

# THE THEORY

**A. The existence of the voluntary sector is viewed as the combined product of “market failure” and “government failure” i.e., of inherent limitations in both the private market and government as providers of “collective goods”.**

(Weisbrod, Burton Allen. 1977. *The Voluntary Nonprofit Sector: An Economic Analysis*. Lexington, Mass.: Lexington Books)

**B. “The voluntary sector’s weaknesses correspond well with government’s strengths, and vice versa”, and thus extensive collaboration between government and the nonprofit sector emerges as “a logical and theoretically sensible compromise” .**

(Salamon L.M. (1987) “Of Market Failure, Voluntary Failure, and Third-Party Government Toward a Theory of Government-Nonprofit Relations in the Modern Welfare State.” *Nonprofit and Voluntary Sector Quarterly* 1987 16: 29)

**C. The Tools Approach: Shifting the Unit of Analysis** (L.M. Salamon (editor) (2002) *The Tools of Government: A Guide to the New Governance*. New York: Oxford University Press.)

## **Government Tools enacted in 2009-2013:**

Government subsidies = grants (Federal, regional and municipal programs)

Tax incentives (personal income tax, v.a.t., property tax rebates & waivers)

Contract tools (attempt at positive discrimination)

Government property for NPOs (office space & other facilities at subsidized rent levels)

Information, consultation & training

## 1. Russian Socially Oriented NPOs.

Organizations qualifying as non-profit-distributing, non-governmental, and are neither mutual benefit nor political parties

Charter purposes must be from a list of priorities centered on welfare and related

**= charities / public benefit organizations**

## 2. How large is this target group?

115 000 actively working NPOs (CSCSNS estimate)

113 327 SONPOs (Rosstat 2012 data)

**= potentially up to 70% of the nonprofit sector**

## Government expenditures on support for SO NPOs

*Against the background of the scope of the Russian public sector:*

**0.02 % of Federal expenditures on social sectors**

*Against the background of the present scope of the Russian nonprofit sector:*

- 5% = share of NPOs' income from government sources (federal and regional)
- Federal grants were an important source of income for 36% of Russian NPOs

*In an international context:*

According to findings of the Johns Hopkins Comparative Nonprofit Project for a group of 12 countries with differing economic, social and cultural conditions the share of nonprofits' income from government sources averages 32%

(Salamon L. M., Sokolowski S. W., Haddock M. A., and Tice H. S., 2013, p.10)

**Russian government has discovered service-oriented NGOs, the charities as a partner.**

**For NGOs focusing on an advocacy function the current policy environment shows a mixed picture**

**The government tool box is coherent, practicable BUT remains very basic (room to add on e.g. loans / loan guarantees etc.)**

**The tool box focuses on government-nonprofit cooperation while opening only modest opportunities for the involvement of the market sector as a partner.**



**THANK YOU FOR YOUR ATTENTION!**

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