



Outsourcing of social services to SONGOs in the Russian Federation: federal policy and regional responses

E. Iarskaia-Smirnova (HSE University Moscow), L. Cook (Brown University)
A. Tarasenko (HSE University St. Petersburg)

**Сессия О-09. Роль гражданского общества в решении
задач социально-экономического развития
Председатель: В. Б. Беневоленский
(НИУ ВШЭ)**

Introduction of Outsourcing

- 2011-2017 : Federal Grants to support SONGO's development
- 2013 FZ44 "On the contract system for procurement of goods, work services to meet state and municipal needs"
 - 15% of annual procurement to non-state providers
- 2015 FZ442 "On Bases of Social Services for Citizens of Russian Fed"
 - open-ended expansion of outsourcing

Table 1a

Russian federal government
ministries and agencies
operating grant programs in
support of NPOs, and amount
of grants provided

Name of ministry or agency rubles/million US\$	Amount of grants to NPOs in 2014 (million rubles/million US\$)
•	
• Administration of the President	3698.0/112.0
• Ministry of Economic Development	943.5/28.6
• Ministry of Labor and Social Protection	3227.8/97.8
• Ministry of Culture	1027.9/31.2
• Ministry of Healthcare	197.0/6.0
• Federal Medical And Biological Agency	10.4/0.3
• Ministry of Regional Development	1158.0/35.1
• -----	
• Total	10,263.3/311.0
•	
• Source: Salamon et al 2015, Penetrating the Dual Realities of Government– Nonprofit Relations in Russia <i>Voluntas</i> citing NRE HSE RSCSM 2012-2014	
•	

Table 1
Number of SO NGOs and
Types of Services provided in
all Russian regions (2015)

- **Source:** data provided by the Russian Service of State Statistics in 2015 on number of SO NGOs and their main activities and target groups. Total number of all SO NGOs registered in 2015 is 140 031 organizations. Data is available on-line at the official website of the Russian Service of State Statistics: http://old.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/state/, accessed on 23 of February 2020

The target group of a civic organization	Number of organizations	Percentage of organizations in all registered SO NGOs
Mothers and children left without parental care	8 683	6,2%
Elderly	9 587	6,8%
People with disabilities	9 818	7%
Preventive care	4 675	3,3%
Charity activity	26 729	19%
Other social support	18 616	13,2%
Total:	78 108	48,5%

Why Adopt Outsourcing?



Respond to public dissatisfaction with social services



-bring competition, client choice, diversity, higher quality



NEM principles – reduce costs, improve efficiency



Social service provision as symbolic issue for attracting public support in elections, for political leaders

Putin's Annual Address to Fed Asmb 12/2016

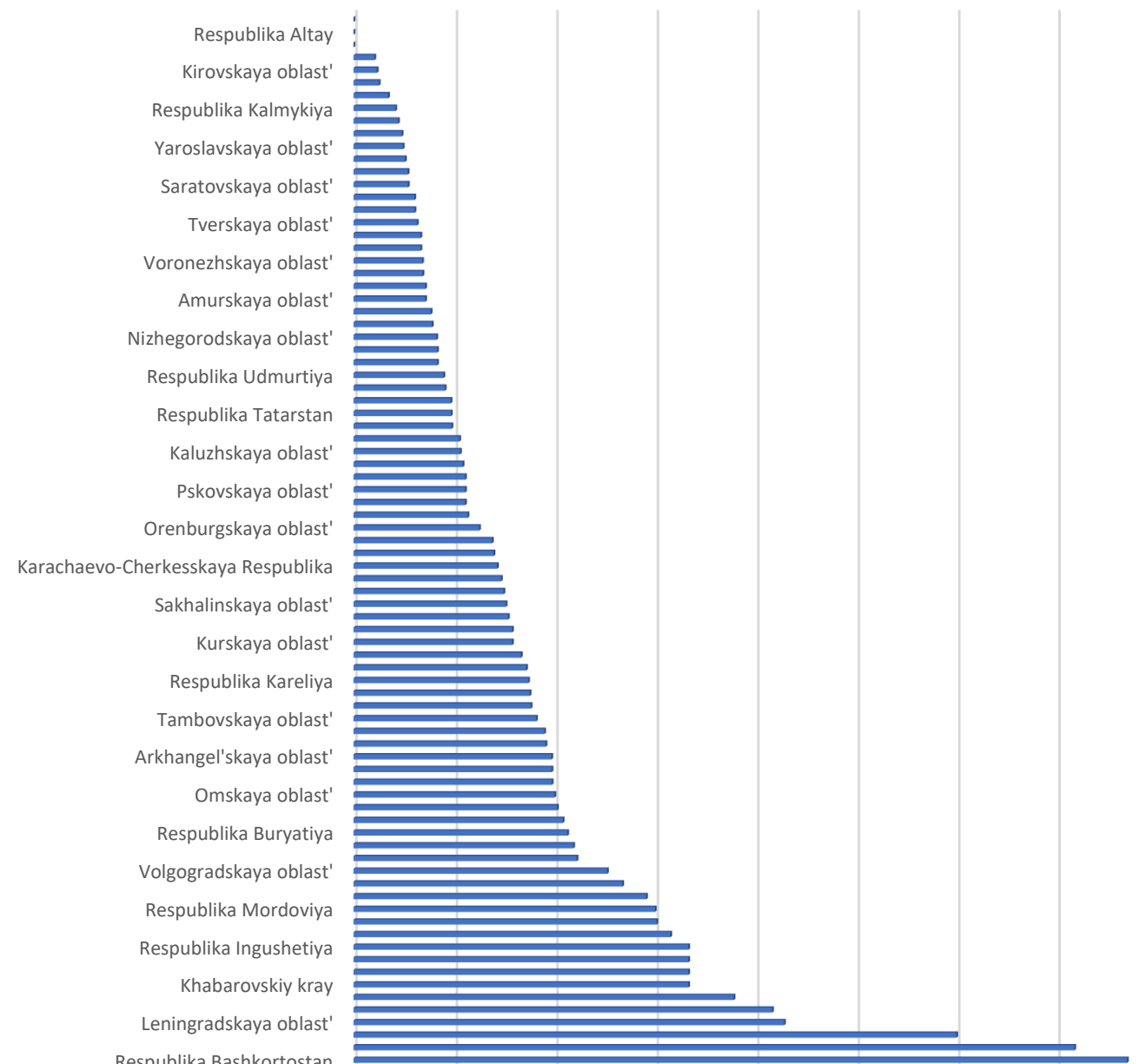
Called on Governors and municipal authorities to:

- “attract non-profit organizations to the performance of social services to the maximum . . . access to service provision financed from the budget will be opened for non-commercial organisations... We are all interested in the active arrival of NPOs in the social sphere leading to an increase in its quality” (Putin 2016).

How Outsourcing Works

- Regional governments as gatekeepers of SONGOs' participation in outsourcing – reviews, accept (or not) into provider registries
- Non-state actors do tasks always done by public sector workers
- Double-edged for regional governments
 - could improve quality of services, strengthen popularity, stability
 - would reduce already-overstretched funds for state sector

Percentage of non-state providers among all provider types
Figure 1.



Research Goal:

Explain regional variation in compliance, varying % of non-state providers accepted into regional provider registries (Fig. 1)

Why did a relatively small number of regions readily restructure their social sectors to include significant proportions of non-state providers,

Other regions made more modest progress

Nearly half had made few changes three years after FZ442 came into effect?

TYPES	REGIONS	% of all nonstate providers in whole no. of social service providers in regional registries*	Rank of a region assessing implementation of mechanisms of support for SO NPOs (out of 83 Regions in Russian Federation)*	
LEADERS	Bashkortostan Republic	77%	#1	
	Perm Krai	60%	#3	
COMPLIERS	St. Petersburg City	27%	#16	
	Karelia Republic	17%	#33	
BEGINNERS	Moscow Oblast	6%	#70	
	Saratov Oblast	5%	#72	

Table 2
Non-state Providers in Regional Registries (%)
Leaders, Compliers and Beginners
Russian Federation, 2017

- s Data source: results of the rating of Russian regions based on results of the implementation of mechanisms of support for socially oriented nonprofit organizations and social entrepreneurship, ensuring access of nongovernmental (nonmunicipal) providers to the social service delivery and introduction of competitive methods of state social service provision in 2017. Data is available on-line at the official portal of the Ministry of the Economic Development: <http://nko.economy.gov.ru/portalnews/read/4606>, accessed on 23 of February 2020
-

3 Proposed explanations:

- 1) **Institutional resources:** size/strength of SONGO network –
per 10,000 population 2014
- 2) **Political resources** – regional leaders' commitment to outsourcing
 - hosting regional forums with Public Chamber
 - taking initiative in MED grant competitions
- 3) **Economic and financial resources** – wealthier regions can contract with SONGOs and finance state sector; starker choices in poorer

Use subnational comparative method

Table 3
Factors Explaining Regional Variation in Outsourcing
Leaders, Compliers and Laggards

	<u>INSTITUTIONAL</u> Nos. of SONGOs per 10,000 population 2014 and Voluntary Activity By Region	<u>FACTORS</u> % of budget as subsidies for SONGO infrastructura l support	<u>POLITICAL</u> Public Chamber Forums in regions On Reform Implementation	<u>FACTORS</u> Initiator in MED co-financing grant competitions
Bashkort ostan R.	12.4 (#43)	.0007 (#43)	Yes (2018)	(2012); no
Perm Krai	12.2 (#36)	.0033 (#24)	Yes (2016)	(2013) yes (2012); no (2013) Yes
St. P City	6 (#74)	.0004 (#47)	Yes (2017)	(2012); yes (2013)yes
Karelia Republic	17.5 (#7)	.000 (#78)	Yes (2015)	(2012), yes (2013)yes
Moscow Oblast	2.5 (#75)	.0014 (#38)	No	(2012); no (2013)No
Saratov	10.4 (#61)	.000 (#69)	No	(2012); yes (2013)yes

	<u>ECONOMIC</u> Regional GDP (GRP) Per capita (2016, RUB)*	<u>FACTORS</u> Federal Subsidies for Outsourcing (Modernizing)**
Bashkortostan R.	330 389,3	Yes
Perm Krai	414 418,5	
St. P. City	712 303,6	No
Karelia R.	371 452,0	Yes
Moscow Oblast	483 683,3	No
Saratov Oblast	263 773,6	No

Findings:

- Political resources have strongest influence on implementation of outsourcing – signaling functions as competitive lobbying for federal; attention, showcases achievements
- Institutional resources matter – network of SONGOs and professional competence
- Economic resources – regional GRP per capita – unrelated to reform's outcome

Conclusions

- Complement study of Toepler, Pape and Benevolenski (2019)- political and institutional factors help explain variation
- Shows value of subnational comparisons in identifying key determinants in Russia's diverse federal system
- Shows federal govt laid groundwork for reform through grants and co-financing projects – worked to build compliance

Implications

- For government's ability to move away from old statist model, improve cost-efficiency – modest success and progress since 2019
- Federal-regional relations:
 - regional leaders have agency, weight incentives against costs
- Regions' compliance with federal mandates constrained by limits on resources, not only financial, also institutional