ARTICLE

Contradictions in the Development of the Welfare Non-Profit Sector in Russia

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ABSTRACT
The article focuses on the core contradictions within the development of the social non-profit sector in Russia. The empirical basis of the study comprises statistical data, legal documents regulating the social services' sphere, research data from previous studies conducted in Russia, as well as qualitative data collected for this study. The introduction provides background information on the stages of reforming the social service system in Russia. The first part is devoted to the contradictions between international trends and Russian patterns. In line with a neoliberal approach, non-profit NGOs play a significant role as key actors in social work providing social services for different client groups. At the same time, they are not independent and Russian civil society is not yet strong enough to realize social rights of citizens. In the next section, some of the key issues of interaction between the government and NGOs are discussed. An analysis of the current situation demonstrates that while a social partnership between the state and NGOs is affirmed by authorities on official level, in practice, the state still dominates the social sector. The article then focuses on how Russian NGOs have reoriented their efforts toward financial sustainability through government support.

KEYWORDS
Russia social services system, NGO, civil society, non-profit sector, funding, social mission

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Introduction

Changes are taking place in the Russian social sphere aimed at “denationalization,” accompanied by the emergence of non-state producers of social benefits, where non-profit organizations play a significant role. An analysis of these processes suggests that the social security sector is still subject to the influence of the “legacy” inherited after the collapse of the Soviet Union. Features of the Soviet system remain despite nearly thirty years of development in the Russian social sector that gives rise to a set of contradictions, which we consider in this article. The overarching research question of this study is “What are the contradictions inherent in the development of the non-profit welfare sector in Russia?” We define contradictions as the discrepancy between the interests of the key actors in the process of providing public goods: government authorities, non-profit organizations, and citizens. The above question is related to others, more specific ones:

1. How far are the global trends in the development of the welfare state associated with increased personal responsibility, managerialism, and competitive relations compatible with the paternalistic expectations of the majority of Russian citizens that developed during the long-term period of dominance of the state?

2. What are the relations between the non-governmental sector and the state?

3. What goals are the main drivers of the activities of Russian non-governmental organizations in modern conditions?

These questions allow us to identify conditionally the following contradictions: international trends vs Russian patterns, state dominance vs social partnership, social mission vs financial stability.

Social Context of the Formation of a Modern Social Service System

The Soviet system of social security was characterized, first and foremost, by the domination of the state, which not only guaranteed social protection of citizens, but occupied a monopoly. Moreover, the Soviet state guaranteed citizens such social rights as the provision of free housing, medical care, education, including free higher education, the right to employment, and free social security in old age or upon the onset of disability. However, gradually the social security system became increasingly archaic, perfunctory, declarative, and ascetic due to the minimal size of benefits and services, a decrease in their quality, and the low material base of social state institutions, due to the state's limited resources.

The result of the Soviet state's longstanding domination in the sphere of social security has led to the establishment of deeply rooted paternalistic relations
between the state and its citizens. For almost seventy years, the public has expected the state to resolve social issues (Salmina, 2015). In many ways, such perceptions were reinforced by the dominant communist ideology, which discouraged Western institutions like charity. The government not only discouraged, but even prohibited the independent initiatives of citizens to create public organizations that ensured the social rights of citizens. The lack of entrenched democratic relations between the state and its citizens was a continuation of the historically established sociocultural characteristics of relations between the state and society, which maintained the tradition of the “top-down power”.

The ongoing transformation of the Russian social support and social assistance system follows international trends associated with neoliberal ideology and the privatization of social service systems. Yet, there are some specific features in the Russian transformation that merit in-depth scientific reflection. It is worth noting that over the past few years the development of the non-profit sector has grown to be the subject of discussion not only in Russian literature, but also in international discourse (Borodkina, 2015; Fröhlich & Skokova, 2020; Iarskaia-Smimova & Lyons, 2018; Tarasenko, 2018).

Starting in the 1990s, the process of reconstructing the free market and private property rights restoration did not affect the social sphere at the beginning. In other words, “social issues” were not among the high priorities of various government reform programs in Russia. During the 1990s, the choice between the need to develop a liberal model of market relations or effective social protection of the population tilted toward the former, leading to a number of contradictions that influenced the subsequent formation of emerging social policy (Auzan, 2004, p. 19). Russia experienced a unique transformation in the early 1990s associated with radical economic reforms. In the early 2000s, there was a turn in the power structures toward the restoration of “vertical power” in response to attempts by reformers to create horizontal relations between the state and society during the period of “perestroika” by developing the structures of civil society. Despite this shift in power structures, the understanding that a modern state remains strong only by being focused on the well-being of its citizens was not a prevalent ideology among the new political elite. The “benevolent non-interference” (Jakobson & Sanovich, 2010) of the liberal reformers’ government toward NGOs was replaced by increasing control over their activity and a number of significant restrictions placed on non-profit organizations with regard to the funding they received from abroad. There was significant mistrust of society and government toward NGOs as long as some NGOs had compromised themselves by financial abuse earlier in the 1990s (Ljubownikow & Crotty, 2014).

The restored hierarchical power was supported by persistently paternalistic attitudes of the population toward the state (Grigoryeva, 2017), which contradicted the neoliberal approach in social policy focused on the citizens’ own activity. Nevertheless, since the 1990s, the authorities continued to define the social rights of citizens’ as well as their responsibility to implement them, disregarding the ability of Russians to self-organize. In a scientific discussion on the basic values of Russian citizens, the inability of Russian citizens to self-organize and collaborate in order to build horizontal ties was
seen in their over-individualization combined with the commitment of power structures to traditionalism, which presented the main obstacles for the Russian reforms of the late 20th century (Riabov & Kurbangaleeva, 2003). There was no consensus on how to resolve these identified problems in the course of academic and public discussions, and almost ten years later a solution was proposed following the established tradition “from above” by federal government bodies. Changes in the role of the state, the emergence of non-profit organizations and social entrepreneurs in the field of social security were not so much the result of initiatives coming from civil society in response to public inquiries, but rather the result of decisions taken by the highest authorities. In this approach, there was initially a contradiction between the interest of the state in reducing spending on social security and the need for partnership with representatives of civil society when choosing ways to achieve a new level of welfare of citizens.

Driven by the Russian government, a set of regulatory, organizational, and managerial measures have been taken in the last decade by the Russian government aimed at including non-profit organizations into the social sphere, specifically the social services sector (Toepler, Pape, & Benevolenski, 2020). Since Federal Law No. 442-FZ *Ob osnovakh sotsial'nogo obsluzhivanii grazhdan v Rossiiskoi Federatsii* [On the Basics of Social Services for Citizens of the Russian Federation] (2013) entered into force in 2015, socially oriented non-profit organizations have been considered as a key social institution of civil society. NGOs were represented as providers of social services, which opened up the opportunity to receive a special status, namely socially oriented non-profit organizations (SO NPOs), with appropriate forms of state support to ensure the participation of organizations in the market of social services. Changes in the policy of the Russian state on social investment policy, development of the non-profit sector, and intersectoral partnership equate Russian social policy to the past experience of Western welfare states (Benevolenski & Toepler, 2017; Hemerijck, 2013). The measures proposed by Western European governments were largely a result of the population's dissatisfaction with the low quality and high cost of social services provided under state programs (Gugushvili et al., 2021; Salamon, 2002). The influence of the “pressure” factor from service consumers was intensified by the need to move to new ways of solving the “social issue”, based on market approaches and minimizing public expenditures (Cook, 2007).

In Russia, the process of reforming the social sphere acquire certain characteristics due to the strong legacy of the Soviet social security system. The welfare state in the 1990s was based on the principles of minimizing social security expenditures, which, in fact, persist at the present, making their further reduction impossible. By involving new participants as producers of social benefits, the state seeks to share the burden of social expenditures, while simultaneously solving such diversification goals of the social service system as expanding the range and improving the quality of services (Sidorina, 2010, p. 125). Russian citizens’ expectations of the state have been characterized for a long time by paternalism and an expectation of access to free social benefits, combined with citizens’ lack of ability to self-organize. These aspects can hinder the consistent reform of the social sphere from the standpoint of a noisy liberal perspective. Thus, in Russia the non-profit sector of social
services formation, on the one hand, is based on the initiatives “from the bottom up”, on the other hand, it is associated with civil initiatives, which often conflict with the authorities’ position. This situation gives rise to a set of specific contradictions.

Thus, in Russia, the formation of the non-profit sector of social services, on the one hand, occurs along initiative coming from the top, on the other hand, is associated with civil initiatives, which often conflict with the position of the authorities, creating a set of contradictions. The relevance and necessity of studying the emerging contradictions is that not only do we gain awareness about the risks of reforming the social services system, but we can also identify and evaluate our own resources for the development of the non-profit sector, granting this sector the ability to respond and adapt in the face of the challenges of the ongoing transformation.

**Theoretical Background**

The transformation of welfare states has been associated with the expansion of actors in the production of welfare and varying their configurations (Esping-Andersen, 2002; Hemerijck, 2013; Newman & Clarke, 2009; Taylor-Gooby et al., 2020) that accompanied by the rising non-state/private social service providers such as NGOs, the community and volunteer associations (Clarke, 2007), the increasing role of the family and citizen in welfare production (Lewis et al., 2008; Taylor-Gooby et al., 2020), and the developing social investment, despite the statement of the ambivalence of its consequences (Cantillon, 2011; Leoni, 2016). The ongoing processes have led to the formation of a welfare mix and numerous attempts to comprehend this phenomenon.

The general trend, that researchers emphasize, is associated with reducing the role of the state in the process of producing welfare services and a corresponding greater role for NGOs, families, and other actors (Ascoli & Ranci, 2002; Taylor-Gooby et al., 2020).

Discussion over the complexity of welfare state configurations and welfare provision are relevant for most countries. In many respects, similar processes characterize changes in social welfare in the countries of the post-socialist and post-Soviet space (Aidukaite, 2009; Deacon, 2000). In Russia, NGOs as providers of social services become more and more significant objects of the state social investment policy due to the state’s interest in transferring some of its powers to non-state social service providers (Benevolenski & Toepler, 2017; Rao, 1996). At present, Russian dissatisfaction with the welfare system is determined not so much by the communist legacy, but by a significant reduction in the social welfare system in the course of economic reforms (Gugushvili et al., 2021; Orenstein, 2008). Most Russian citizens, who are in difficult socio-economic situation, expect great social benefits that could significantly affect the change in the economic situation of people (van Oorschot & Gugushvili, 2019). At the same time, researchers argue the difference between social benefits and services of the welfare state designed to deal with the traditional risks of industrial society (for example, pensions, unemployment benefits) and new risks of modern society associated with the changing labor market, epidemiological risks (e.g., COVID-19), digitalization, changing family patterns, etc. (Fossati, 2018; Taylor-Gooby et al., 2020). At a conceptual level, the welfare mix addresses new social risks (Powell
& Barrientos, 2004), and it tries to take into account the diversity of the modern society, both in terms of personal needs and welfare regimes, including multifaceted variations of social actors, among which non-profit organizations occupy a special place.

Research Methods

This is a study of the issues of such a complex area as welfare state in Russia that is actively discussed in the academic community, but at the same time, the problems of the development of NGOs from the standpoint of employees of these organizations have received so far insufficient attention from researchers. We use a qualitative approach to the study of contradictions in the development of the non-state sector of social services. Interviews with NGOs’ leaders promise to provide important and detailed material on the problems, barriers, prospects of the specific NGOs, as well as the third sector in general. In 2019–2020, 35 interviews were conducted with heads and employees of social services organizations in 15 regions of Russia. The interviews were done in the face-to-face format, lasting from 40 to 90 minutes. The geography of the sample of experts is an important methodological point, since Russia, being one of the largest countries, has significant internal regional differences in terms of socio-economic development. For this reason, the study involved welfare related NGOs that represented all the main regional and administrative units of Russia: St. Petersburg, Yekaterinburg, Novorossiysk, Kazan, Penza, Perm, Tyumen, Surgut, Krasnoyarsk, Yakutsk, Khabarovsk, Stavropol Kray, Rostov-on-Don, Leningrad Oblast, Vladivostok, with the distribution across regions almost even (2–3 interviews per region).

Another important point is that organizations working with different target groups (the elderly, adults with disabilities, children with autism disorder, children with special needs, people living with HIV infection, homeless people) were selected. Furthermore, the respondents represented the organizations that have been operating in the social services market for over five years and were widely recognized in their regions. The primary thematic segments of the interview covered questions about the establishment and growth of the organization, ongoing programs, financing management, including grants and subsidies, interactions with local authorities, and the organization’s future development prospects.

All experts gave their informed consent, and consented to the audio recording of the interviews. Written transcripts of expert interviews were analyzed using the framework analysis (Ritchie et al., 2003) that is one of the most common qualitative techniques. This is the process of identifying the main attitudinal themes in relation to each topic and then examining their relationship in the research questions. Seven nodes were used in coding to identify attitudes related to the research points: social responsibility/paternalism, government/regional authorities, market/private sector, individuals/family, funding/grants/subsidies, and goals/missions. Analysis of the data showed that there are no significant differences in relation to the regions in the target client groups on the issues discussed. Therefore, these aspects (regions and clients) are not highlighted in the research results.
International Trends vs Russian Patterns

In line with neoliberal views in Russia (Borodkina, 2020; Tarasenko, 2018), it is growing an approach to non-profit organizations as to key actors involved in the production of public goods and thereby in ensuring the social needs of citizens. Socially oriented NGOs became engaged in political processes that leads to the formation of a “new governance” and the development of mutual social responsibility of the authorities and citizens for social well-being (Borodkina, 2020; Lewis, 2014; Pestoff et al., 2012; Salamon, 2011). An analysis of socially oriented non-profit organizations’ activity in a number of Russia’s regions shows that they are beginning to influence changes in government policy toward socially vulnerable groups, such as the elderly and children (Kulmala et al., 2017; Kulmala & Tarasenko, 2016).

The development of the contemporary social services within non-profit sector represents an integral direction of the Russian state’s policy (Benevolenski & Toepler, 2017; Borodkina, 2020; Starshinova & Borodkina, 2020). The involvement of NGOs in the social service system follows international trends. Simultaneously, researchers admit that “the new model of relations, conceived by the state, is not yet stable and free of problems” (Soldatkin & Blackburn, 2020). The ongoing transformation of the state’s dominant role in social services production encompasses opportunities for developing new ways of interaction with non-profit social services producers (Cook et al., 2021).

State financial support measures for SO NPOs included a federal program aimed at encouraging local governments to develop the non-profit sector of social services and interact with potential social partners. Thus, the federal authorities deviated from the tradition of a strong power hierarchy, delegated part of its powers and responsibility to the regional level, obviously counting on forming new management approaches in the regions while the authorities interact with civil society, in particular with NGOs (Agranoff & McGuire, 2003; Crotty & Ljubownikow, 2020).

At the same time, state authorities expected that non-profit organizations, formed in the interests of their target groups, would take on a mediating role between state and target groups (Evers, 1995) reducing the factor of “pressure” on power structures from the population. Consequently, the current approaches to non-profit organizations open up new opportunities for developing a social service and social work system, as proposed reactions to public discontent related to the limited low-quality services, which for a long time in Russia have been monopolized by state institutions (Bindman, 2015).

The state has legislatively defined the legal status of socially oriented NGOs, excluding any political activity, thereby singling out these organizations from numerous NGOs that are counting on partnerships in implementing social policy with this particular part of civil society. As drivers of social innovation, the non-profit sector is considered the core of civil society (Krasnopolskaya & Mersianova, 2015, pp. 34–35). NGOs have the following strengths: the ability to meet the specific needs of certain social groups, the lack of interest in benefits making them the more reliable service providers (Borzaga & Tortia, 2010), the sensitivity to the population’s needs, and the ability to promptly respond to the growing social needs of citizens. In Russia, SO NPO is legally empowered to receive additional resources with the purpose of achieving certain social goals (Mersianova & Benevolenski, 2016). In addition, Russian SO NPOs can use their...
advantages in the emerging competitive relations with state suppliers, provided that the state creates equal opportunities for all participants (Smith & Lipsky, 1993).

A specific feature of the Russian case is that the local authorities have to support the federal government efforts when it comes to developing the non-profit sector, at the same time supporting the sustainability of the state social services activity under their jurisdiction. Otherwise, there appears a risk of destabilizing the existing state system of social services that emerged in the late 1990s, which currently holds a monopolist position in the regions. Concurrently, the poor preparation of SO NGOs raises the question of their competency (Jakobson & Sanovich, 2010; Salamon et al., 2017), as they are established on the initiative of the authorities, rather than on the basis of civic activism. This leads to them not being fully apt in playing the role of service providers efficiently, in becoming relevant competitors of state social services organizations, in meeting the requirements of regional standards for service delivery as well as those for competitive selection of service providers. Furthermore, there is a significant issue related to how a welfare NGO could be able to maintain the necessary decision-making discretion as an actor of civil society, while demonstrating innovative approaches in social work. This position is supported by the leaders of public organizations.

We have a long history of creation: we are 19 years old. Now we are called Autonomous non-profit organization of social assistance to families, children, and citizens in difficult life situations. And it is convenient because ... We are independent. We don’t have a membership; we have fewer checks. Transparency, accountability—we perform this. The mission is to create a system of caring for children together with state institutions. (Head of NGO, a woman)

Fulfilling the social mission of NGOs is hampered not only by the limited materials and human resources, but also by the new conditions of their functioning while the institutional role of the state is changing. Remaining the guarantor of the social rights of citizens, the state is now taking on the functions of the services customer, significantly strengthening the control over the activity of SO NGOs, if compared to the 1990s, expecting them to be more open and transparent (Brown et al., 2003; Ebrahim, 2003).

In the changing conditions, civil society is expected to become one of the actors in implementing state social policy, confirming its ability to self-organize and remain active; there are the factors that have recently been questioned. The continuing paternalistic attitudes of a large part of the population may be an unfavorable factor that hinders the participation of citizens in such forms of civic activism as partaking in social projects, volunteering, engaging into charity, allowing investing personal resources in solving common social problems. Therefore, the question of how much the paternalistic attitudes of Russian citizens is a subject to change requires further academic study.

State Domination vs Social Partnership

participation in the service market: there appeared registries of SO NPOs, service providers, responsible executors of socially useful services, and enlisting criteria. There has been formulated a procedure for funding the services provided to population by NPOs, there has been developed a system of grants as a form of state subsidies for implementing social projects of NPOs, what’s more, requirements for the competitive selection of service providers at the expense of budget funds have been approved. Assessment of regional management structures and officials’ efficiency has been based on indicators showing the increase dynamic for the number of SO NPOs in the regions. The analysis of service providers registered in various regions of the country shows the miniscule amount of non-state suppliers and the predominance of the state-owned ones. The only exceptions are the regions experiencing a mass re-registration of former state social institutions fully funded from the state budget as non-profit organizations (Bashkortostan, Tatarstan, Perm Kray, etc.). De facto, this process is the creation of quasi-NGOs that hold the legal status of a non-governmental organization. The re-registration procedure was incited by the regional authorities as the means of accelerating the increment in performance indicators of non-profit organizations. Non-profit organizations, which initially emerged as socially oriented NGOs, have perceived such initiative of the governing bodies as an artificially fostered inequality that they would be experiencing in comparison to the re-registered organizations. Non-profit organizations that left state institutions retained the premises, in which they worked, the equipment, the professionally trained personnel, as well service recipients, followed by the budget funding. When conducting tenders for supplier selection in regard to providing services at the expense of budgetary funds, these organizations remain among the competition winners, since they hold a number of advantages such as being stronger prepared for this selection and better meeting the criteria for selecting suppliers.

The social service market is another inequality aspect of non-governmental organizations’ position if compared to the standing of state service institutions. While for government institutions budget funding is retained in the same amount, providing for all costs associated with the operation of premises, utilities, etc., the SO NPOs must cover such expenses independently, which further increases their financial instability. Here is cited an evaluation of the situation by an NPO leader, whose organization’s mission has been providing services to families and children for 17 years:

They’re provided with 16 million rubles from budgetary funds for maintenance, for land, for communications, for all salaries of forty people, for all depreciation, a little for children. The state gave them everything in one piece … And I have invested into all of this myself, and I’d do it again … the question is, how do I pay myself back … We must be on an equal footing, on an equal footing. (Head of a regional non-profit organization, a woman)

It must be noted that the situation is aggravated by low tariffs on social services for the population, which proves unprofitable for SO NPOs as service providers.

1 [state social institutions].
2 [of service recipients].
Service fees are set by regional governments striving to ensure that the cost of services remains relatively low, thus ensuring the accessibility of services for low-income groups of the population. The cost level of services and the provision of subsidies only for their amount, excluding time-based costs when providing them to recipients, makes it economically unprofitable to provide the vast majority of social services altogether, while generating unreasonable difficulties for NPOs and large-scale reporting when reimbursing financial costs from the budget.

Formally speaking, service fees are supposed to be evenly balanced between all service providers; however, state providers are in a better position since funding from regional budgets covers all of the operating costs of such state institutions. This situation is largely explained by the fact that only a small number of non-governmental organizations seek to enter the regional registries of social service providers. Moreover, even when they are registered in the registry as social service providers, non-profit organizations do not seek to participate in tenders for subsidies.

The high organizational barriers that hinder non-profit organizations' access to budget funding are also manifested in the service delivery approved standards. Service providers do not possess the right to assign services to their recipients and to determine the required number of services. Regional governments approve a standard set of services that officials assign to beneficiaries by inserting a set of services (a “package”, something provided in bulk) into the individual recipient program, regardless of individual requests. Providing services by the “package” approved by the governing bodies does not correspond to the specifics of welfare NPOs activity initially devised to provide unique, isolated “piece” services. Both the lack of specialized services on the market and the prevalence of complex service structures reduce their quality. The current order indicates that officials are crucially lacking the basic understanding of SO NPOs advantages associated with their ability to deliver innovative services to the consumer groups in whose interests they are essentially created.

The intention of implementing the government’s plan for developing the non-profit sector of social services, thus, demonstrates that for regional authorities, the priority is rather set on reaching certain indicators of development than on achieving real and feasible results in expanding the range and quality of social services in the interest of citizens. There can be spotted a definitive contradiction within the reforms initiated “from above”; it lies in the mismatch between the declared goals and the operational procedures designed to achieve them on the regional level. The tradition of prioritizing vertical interactions within government structures when making managerial decisions hinders the formation of “horizontal” relations with SO NPOs as key representatives of civil society (Aasland et al., 2016; Toepler, Zimmer, et al., 2020). In this regard, the reflections to the question of how the state manages to turn the non-profit sector into its partner for intersectoral interaction in solving social problems remain as follows: most representatives of SO NPOs who participated in the interview believe that it is yet premature to talk about partnerships with the state at the moment entirely. Similarly, they are convinced that non-profit organizations are to cooperate with the state: “Everywhere around the world, NGOs are funded by the state. It is fundamentally strategically important for NGOs to work with the state” (Head of a regional non-profit organization, a woman).
While such statements remain present, the informants point out versatile obstacles to forming such relationships: “I tried and I saw the dynamics, yes,³ are developing, but at some stage they ‘got me.’ We just stopped participating”⁴ (Head of a regional non-profit organization, a woman).

One of the key difficulties, according to our informants, is the “strict” control over the activity of SO NPOs that provide services at the expense of budgetary funds; these control mechanisms are implemented by the regional management bodies. “They⁵ do not simply check the use of the subsidy …; you ‘run into’ all … possible checks. Prosecutor’s Office, Accounts Chamber, to name a few” (Head of a regional non-profit organization, a man).

Unjustifiably excessive control excludes the slightest initiative, attempting to regulate the activity of NPOs entirely:

They⁶ will torture us with these reports. If you’ve bought a pen, and not a pencil, they will simply destroy you and throw you to the blacklist; if there are three kopecks out of the estimate, here or there, or if we happened to add something. (Head of a regional non-profit organization, a woman)

Regional authorities build relationships with NGOs in the form of specifications and requirements. For example, when announcing tenders for conducting social events for groups in need of support, officials do not expect SO NPOs to offer real suggestions on event planning, prompting them to select the best-fit candidate; they purely demand strict implementation of the measures as prescribed by the officials themselves in the so-called “terms of reference”. As a result, the methods of interaction with non-profit organizations put forward by the regional authorities, contrary to the principles of social partnership, lead to the exact opposite results, which essentially have been focused on the said reforms originating from the federal center. Even NPOs with significant experience end up losing their autonomy and independence concerning decision-making and providing of social services.

Everyone is content hearing about the sums of money and the number of NPOs receiving⁷ in the region and the overall amount of [funding], and so on. But the bottom line is that we have been tamed, so to say, we now fit into what we have here⁸ and now we strictly report to them. (Head of a regional non-profit organization, a woman)

The formalistic approach and the lack of interest on government officials’ part in building authentic partnerships with non-governmental organizations impedes the development of the sector; it does not motivate or encourage them to become real social service providers capable of devising an innovative approach to solving social problems.

³ [relations].
⁴ [in competitions for subsidies from the budget].
⁵ [officials].
⁶ [officials].
⁷ [subsidies].
⁸ [into the state system of social institutions].
They treat us as if we do not exist ... and believe that support is indeed provided to us very well through the provision of subsidies, that’s all. There is lack of information, there is no unified information center ... We pass information to each other solely at the level of our NPO community ... Just people we know who work there, call and say that they are announcing a tender ... there’s some event held with the participation of NPOs ... the leaders are invited. (Head of a regional public organization, a man)

Despite the impressive scale of state financial support, the difficulties in interacting with regional authorities were quite expressively formulated as follows:

When I entered the registry, I believed that the Ministry of Social Policy would support suppliers, because we sell what is beneficial for them, what they need. So far, throughout the year, you know, I have been swimming against the tide, and the tide is the Ministry that is trying to drown me. (Non-state provider of social services, included in the regional register of providers, a woman)

The analysis of the obtained data allows us to identify the contradictions summarized below. Despite the prescribed equality between the state and the non-state organizations concerning the provision of services de facto dictated by the law, in practice, state organizations continually prevail. In a number of Russian regions, there exists a widespread practice of creating quasi-NGOs, whose activity is fully overseen and controlled by state bodies. In fact, NGOs, with the exception of the aforementioned quasi-organizations, are in a discriminatory position when compared to the state ones, primarily in terms of infrastructure development. Many non-profit NGOs remain unlisted in the registry of social service providers, thereby foregoing the potential opportunity to receive public funding, in fact mainly evading the registry due to the excessive state control and the low cost of social services determined by the state at the range that does not correspond to the market value and often does not cover the costs of the provided social services. On top of that, the maneuver space for obtaining the funding for NPOs is constantly narrowing. The latter is due to the tightening of legislation regarding foreign funding, which essentially cuts Russia’s NPOs off from any international assistance completely, including but not limited to the format of grants.

The Russian government uses tools similar to the concepts of new governance that have come to dominate Western public discourse (Toepler, Pape, & Benevolenski, 2020). However, there are contradictory relations between the governing bodies and socially oriented non-profit organizations in the regions (Skokova & Fröhlich, 2022) that is manifested in two conflicting government strategies in relation to NGOs: suppression of the independence and co-optation of those organizations that function in accordance with government priorities (Skokova et al., 2018). Such a policy may have a negative impact on the development of the non-profit sector of social services, hindering its internal consolidation. At the same time, it should be noted that the efforts of the state aimed at the formation of a non-profit sector of social services.

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[regional authorities]
Social Mission vs Financial Stability

The public funding of NGOs contributes to the fulfillment of the social mission of these organizations. In most countries, including Russia, there is a clear relationship between federal and local funding and the size of the non-profit sectors, and vice versa, which confirms the theory of the interdependence of these factors (Bae & Sohn, 2018). Permanent public funding can gradually crowd out other sources of income (De Wit et al., 2017), at the same time it can also attract various financial flows, as organizations try to intensify their efforts and diversify sources of income, including by increasing their openness and reputation (Mikołajczak, 2018; Mosley, 2011). However, in order to ensure financial stability and survival in the social services market, Russian NGOs are faced with the problem of diversifying income and the ability to combine various financial strategies, so their interests today are increasingly shifting toward the profit activities that create the risks of commercialization of not-profit organizations.

The leaders of socially oriented NPOs, which appeared in the late 1990s and early 2000s, provide two main reasons for their establishment. The first reason lies in the desire to work in a non-governmental organization in order to be more independent in choosing strategies for solving social problems of the social groups in whose interests they began to work. The second reason is related to personal motivation: the need to help their loved ones experiencing hardships. Typically, a solution to such hardships had not been found by public social institutions, and this impulse prompts the creation of NPOs that further on act in the interests of many people with similar issues, so people do empower themselves.

A certain problem has boiled up among parents: we started seeing more and more children with autism. It became necessary for these people to organize the sources of help, and to somehow pull themselves out of the dark. Several organizations emerged at once. (NGO’ Vice-President, a woman)

The respondents from the pool of state experts believe that fulfilling the social mission of organizations that emerged during this time as providers of social services was a leading factor in their overall development. Nonetheless, NGOs that have emerged over the past five years appear more interested in receiving budget funding than in solving social issues: “They see the budget as a source of financial development of their organizations … and this is the key” (Head of the social services’ municipal department, a woman).

Searching for funding sources is a constant concern of the SO NGOs leaders; additionally, the high organizational barriers to accessing the budget funding increase the interest of NGO leaders to income-generating activities: “If an adult individual systematically works in this field, they should receive a decent salary. Otherwise, they will either do the job carelessly, or will be forced to make a living doing something else” (NGO’ Vice President, a woman).

Leaders have repeatedly emphasized the growing risk of losing experienced NPO employees, who may leave for commercial structures with more attractive pay and work conditions.
Adjusting to the difficulties associated with the financial instability of NPOs results in intensified activity aiming at attracting charitable funds and at searching for new sources of funding:

We’ve set a goal to diversify our funding sources and to move away from the main financial source in the form of grants. This is how we began to develop and attract private donations … Now, let’s say, the third largest source in our budget is private donations … Now we are thinking of creating endowment capital and running our own social business, which has already begun to make a profit … We are planning to introduce information technologies into our work, as we’ve realized that this is the future. (Head of the public organization, a woman)

Under such conditions, NPOs compete with each other and with state institutions not so much at the service market level as for financial resources. In the context of the financial support sources reduction, largely appearing as a result of cutting off international funds and foreign social programs, many NPOs are forced to either stop their activity entirely or to limit their work in the areas that are poorly supported by the state (for example, social work with drug users, migrants, with representatives of sexual minorities). The state’s interest in the qualitative development of socially oriented non-profit organizations, expanding the segment of NGOs’ participation in social services is determined by the ability to promptly respond to new social challenges and realize the innovative technologies to solve problems of socially vulnerable groups. In this regard, the amount of grant support provided by the state is increasing and currently the Presidential Grants Foundation became the major grant operator for non-governmental sector (Starshinova & Borodkina, 2022).

Conclusion

The development of the social services system in Russia is taking place in accordance with the international trend of neoliberal politics. However, the dominant welfare patterns are based on the vertical of power and paternalistic attitudes of the population of Russia that is the first key contradiction of developing non-profit sector in Russia.

The second group of the reviewed contradictions is related to the fact that in the process of developing of the non-profit sector of social services, the federal government remains within the established tradition of vertical relations. By initiating changes, authorities are primarily interested in optimizing expenditures on social needs of citizens. The regional authorities are concerned with solving the tasks set forward by the federal authorities; hence, they do not seek new approaches to management, and follow the one-way communication pattern with NPOs matching the prevailing norms within the public sector. Therefore, at the regional level, the risks for emerging relations of social partnership can clearly be seen. The traditional nature of interactions between governments and NPOs in the regions deprives them of the necessary autonomy and independence in an effort to form “apolitical helpers” (Kulmala, 2016, p. 200), which does not motivate NPOs to become truly invested providers of social services. Thus, in present-day Russia, contradictions are clearly conveyed between the goals of social reform in the sphere of social welfare aimed at
developing the third sector of social services and the methods of implementing them at the level of regional government.

The third group of contradictions is associated with the social mission of NPOs and the need to reformulate their activity to support financial stability. Developing the non-profit sector of social services, the Russian government has been focusing on redistributing the substantial budget, which had previously financed the state service organizations. The selected approach, along with minimizing the cost of social services while simultaneously limiting the recipients of state-guaranteed services, as well as the requirements for comprehensive provision of services to the detriment of individual needs, significantly limit the ability of non-profit organizations to showcase their advantages as producers of social benefits.

High organizational barriers to NPO’s access to budget funding violate the principle of participant equality in the emerging service market, creating the risk of distorting the non-profit organizations’ activity. The need to provide financial support for their activity remains the primary task for all NPOs. The current situation seemingly contains the risks of commercializing the NPOs activity. The need for NPOs to focus on income-generating activities can be viewed as a kind of adjustment to the conditions that have occurred, allowing them to implement true innovation in achieving social goals. What has become an additional response to the current conditions is the activity of NPOs targeting the attraction of charitable funds, donations, and volunteer resources (Satre et al., 2020). While this path is still limited for the lack of mass support of NPOs activity from the population, it is largely rooted in existing distrust. Regional practices demonstrate alternative trends in the emerging relations between regional NPOs and the authorities in Russian regions, opening perspectives for more constructive relations in the emerging social partnership aiming to achieve well-being of Russian citizens. Despite the shared sentiment of the participants in our study about the regional authorities demonstrating solely two main ways of interacting with NPOs, which is control or disregard, one should take into account the strong willingness of SO NPOs to cooperate with the authorities. This fact proves to be a powerful resource for the further development of regional NPOs.

Furthermore, the future prospects of interaction between non-profit organizations and regional authorities are associated with the policy of social investment (Borodkina et al., 2022). The transformation of social policy toward social investment, that entails achieving social goals in conjunction with economic outcomes, will lead to the further development of the non-governmental sector of social services and its connection with the state, which currently stands as one of the key investors in social projects.

References


