

## RUSSIA



**Capital:** Moscow

**Polity:**  
Federation

**Population:**  
140,702,094 (July 2008 est.)

**GDP per capita (PPP):**  
\$14,600 (2007 est.)

### NGO SUSTAINABILITY: 4.3

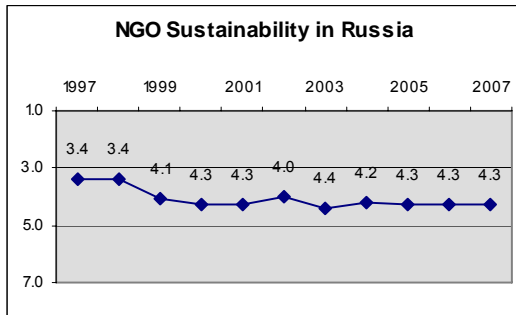
The 2007 NGO Sustainability Index for Russia reflects the contradictory and uneven development of the third sector. Government policy is the most important factor affecting the NGO sector. The government is wary of those NGOs which it cannot control and uses a variety of means to limit them, including negative media campaigns, and administrative and legal barriers. The authorities are also having success in preventing so-called “opposition” NGOs from obtaining financial assistance from the Russian state, as well as private foundations and businesses. While the authorities understand that the government alone cannot address all of the country’s social problems, their response is to build a pool of “loyal” organizations that will support their policies and initiatives, rather than regulating an entire sector of independent organizations.

Sustainability scores for 2007 attest to the growing state control over NGO development. On the surface, new laws and government initiatives give more power to civil society to influence the public policy process, yet in many cases these changes narrow public access to decision making. For example, a new federal law mandates the creation of public councils representing NGOs and other civil society

representatives in all municipalities and regional governments. In reality, however, government administrators fill these councils with “loyal” NGOs that issue expert evaluations in support of the government, as opposed to reflecting any real public opinion.

The sector’s overall organizational capacity has remained largely unchanged, although there are significant intra-sectoral differences. NGOs focusing on public advocacy and social service delivery saw their capacity deteriorate, primarily due to legal and administrative constraints, while professional associations, government- or business-affiliated NGOs, and some hybrid organizations, such as micro-finance or homeowners’ associations, experienced positive growth. Neither the government nor business sectors show any interest in supporting NGOs’ institutional development outside of a narrowing circle of “loyal” or state-approved organizations.

Russian NGOs have become more successful in diversifying their resource bases. More federal grants have been awarded to more NGOs, and contributions from businesses and community foundations have increased. That said, businesses are typically reluctant to fund initiatives outside a narrow set of government-



mandated priorities or popular issues. As a result, NGOs dealing with such “unpopular” issues as homelessness, migration, or HIV/AIDS find themselves struggling to operate in this more restricted funding environment. At the

same time, amendments to the budget code in 2007 preclude grants from regional and municipal budgets, only leaving NGOs the

option of serving under government contracts, which has major implications for independent initiatives throughout the country.

Both the government and public remain skeptical toward the nonprofit sector. Public opinion is heavily influenced by media coverage, which reflects the national government’s suspicions of “foreign-funded” organizations. NGOs’ actions also contribute to their negative image, as most continue to focus on a very narrow set of beneficiaries and do not engage in significant public outreach. Only the few NGOs that actively cooperate with the media to inform the public about their work and involve citizens in their projects have built a strong public image. State-sponsored or supported organizations are also successful, as they are able to use their strong government support to gain broad popularity.

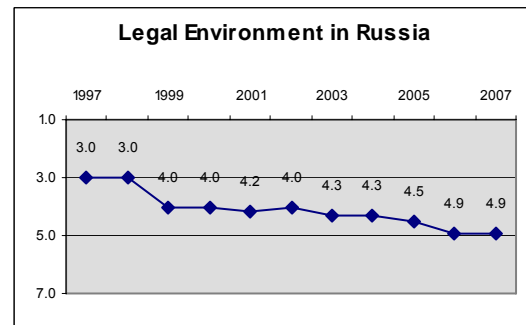
## LEGAL ENVIRONMENT: 4.9

The legal framework that governs nonprofit organizations in Russia is sufficiently well-developed. Existing laws and subordinate regulations govern almost all areas of NGO work and formally provide NGOs with broad rights to meet their chartered goals. At the same time, the legal environment has loopholes and gaps that impact NGO sustainability.

Laws are sometimes subjectively interpreted on the federal level. Both foreign donors and Russian organizations have experienced increasing difficulties registering their technical assistance programs to ensure tax exempt treatment. Registration authorities often do not issue any formal refusal of these applications but use various pretexts to filibuster the procedure. Anecdotal evidence indicates that NGOs also face increasingly onerous difficulties when they attempt to register programs sponsored by foreign governments.

According to a survey conducted by Levada Center, the NGO law’s ambiguity presents the same kinds of problems for all types of NGOs. NGOs are subject to audits, fire inspections, accusations of using illegal software, and charges of not complying with their charters.

Occasionally, articles of the law on fighting extremism are used against the most active human rights groups.



Russian legislation is often vague enough to give regional government officials significant leeway to interpret the laws as they see fit. The situation in any given region depends to a large extent on the attitude of the regional government toward NGOs. In Kemerovo and Omsk oblasts in Siberia, for example, NGOs are closely monitored by regulators, and are audited and inspected frequently, yet in neighboring Novosibirsk oblast NGOs enjoy greater government trust and therefore more freedom to implement their programs.

The legal environment affecting NGOs at the regional level is deteriorating as well. Earlier, more liberal regional NGO laws are being withdrawn under the formal pretext of harmonization with federal laws. Provisions regulating charitable giving are being consistently removed from regional legislation; as a result, NGOs receiving foreign support find it increasingly difficult to obtain the status of a charitable organization.

According to a survey conducted in January 2007 by a consortium of NGOs and economists, registering an NGO (including fees for legal consultations) is 50 percent more expensive and more time consuming than registering a business.

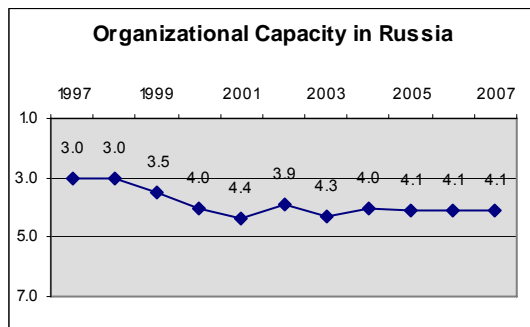
The Federal Registration Service (FRS) developed methodological recommendations on completing reporting forms in April 2007 to clarify some of the burdensome reporting requirements and help the NGO community

prepare annual reports. According to FRS, as of October 31, 2007, only 32 percent of NGOs had submitted required reports. Experts believe that most NGOs that failed to submit reports are either inactive, lack the capacity to comply, or had problems obtaining information from FRS. FRS has applied for the liquidation of approximately 2,600 NGOs, primarily public associations, which failed to submit reports more than once. Audits of independent groups, especially those with foreign funding, are quite intrusive, with numerous procedural violations by FRS representatives.

A package of laws related to NGO endowments that came into effect in 2007 establishes procedures for creating an endowment, provides tax exemptions to endowed NGOs, and expands the list of organizations that can receive donations.

## ORGANIZATIONAL CAPACITY: 4.1

In general, Russian NGOs' institutional development is inconsistent. A small group of organizations benefiting from government and business support have strengthened their organizational capacities, while other NGOs are either stagnating or ceasing to operate.



NGOs' limited – or nonexistent – membership bases contribute to their declining capacity to affect public opinion and discourse. The few that formally meet the criteria of membership organizations usually bring together very small groups of people.

NGOs improved their technical infrastructure in 2007, partly through support from the federally-

sponsored Public Chamber, which has replaced the independent NGO resource centers as an important source of institutional strengthening grants. As a result, there is decreased demand for technical services, such as photocopying and Internet access. The Siberian Center of Civic Initiatives Support in Novosibirsk, for example, received almost no requests for such technical services in 2007.

NGOs are suffering from an outflow of personnel. As budgets shrink, professionals are leaving the sector for better paying jobs in business or government. This trend has particularly affected organizations working on advocacy or service provision, while other organizations, such as microfinance and homeowners associations, still receive sufficient support to maintain or increase their staffing levels. Government-supported organizations, such as the youth movement Nashi, receive large-scale government support, including funds for institutional and professional development.

Russian NGOs still rarely utilize boards of directors. Where boards exist at all, they consist primarily of well-known individuals and

function more as PR tools than as means of internal governance. Strategic planning remains a problem area for most NGOs, although some

advanced NGOs have made substantial progress in this field.

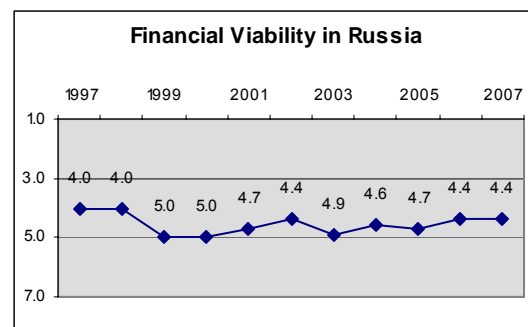
#### FINANCIAL VIABILITY: 4.4

Diversification of NGOs' income sources has improved. Despite the lack of economic incentives provided in Russian law, the Russian business sector has increased support to social projects – primarily those selected by them, endorsed by the state, and appealing to the public. Private donations to NGOs are also increasing, particularly to organizations working in socially popular sectors. Russian private and corporate foundations also continue to be important domestic funding sources, as are the twenty-eight community foundations that are developing dynamically in many regions.

Funding levels from federal, regional, and local budgets in 2007 are mixed. On the one hand, NGOs now have broader opportunities to access federal funds, including those provided through grant competitions by the Public Chamber and tenders by various ministries, including the Ministry of Health Care and Social Development and the Ministry of Education. While more funds are being distributed, the grant selection process is not always transparent. In 2007, the Russian Public Chamber held its second nationwide grant competition for NGOs. 1.25 billion rubles (\$51 million) in so-called presidential grants were awarded to some 1,225 NGOs in sums ranging from less than 100,000 rubles to several million rubles. The largest grant – 10.28 million rubles – was given to the pro-Putin youth organization Nashi to organize its annual summer camp at Lake Seliger in 2008. NGOs advocating for public interests find it impossible to obtain federal funding.

On the other hand, amendments to the national budgetary regulations have reduced the opportunities for NGOs to receive funding from regional and local budgets. Grants from local and regional governments were eliminated as a funding mechanism to nonprofit organizations.

According to the new code, NGOs are only allowed to receive subsidies to compensate for financial losses while delivering contracted services on behalf of the government, impacting the ability of NGOs to pursue innovative projects, test new ideas, or practice non-confrontational advocacy, as such activities cannot be “contracted out.” At the same time, NGOs usually do not provide social services to a broad enough segment of the population to be seen as especially socially valuable and deserving of a contract.



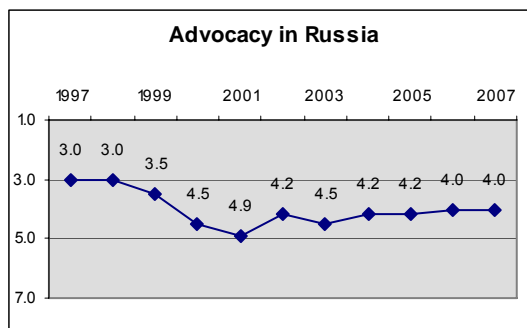
Most NGOs have poor knowledge of the legislation governing financial matters and have poor accounting and reporting practices, which results in poor management of financial resources. A small number of NGOs have developed sound systems of resource management and regularly publish their financial reports, thus fully informing their donors and the controlling authorities about the ways they make and spend their budgets.

Although the law states that NGOs are allowed to engage in for-profit operations, inconsistencies in the tax legislation prevent many NGOs from engaging in income-generating activities, while putting those who do in danger of government reaction.

## ADVOCACY: 4.0

Although opportunities for contacts between NGOs and authorities are expanding, the nonprofit sector is less able to influence social and political decisions. The traditional role of public advocacy is increasingly becoming a function of semi-official, state-backed organizations.

In 2007, a number of movements emerged to advocate for groups of citizens, including defrauded investors; automobilists protesting government corruption against drivers; and homeowners facing illegal eviction. These were often spontaneous or loosely-organized popular movements uniting a broad segment of society, and did not involve NGOs per se as organizers. At the same time, increasing pressure on the nonprofit sector itself, including the closing of several human rights NGOs, did not lead to any popular outrage or mass movements. These events indicate a disconnect between NGOs and the people they are meant to represent.



## SERVICE PROVISION: 4.1

Russian NGOs provide a broad range of services in various social and economic fields, although the volume and type of services varies substantially. For example, NGOs provide a great deal of educational services, but there are very few organizations that work with marginal social groups such as the homeless. Additionally, the range of beneficiaries is typically very narrow and services fall far short of meeting basic needs. For instance, NGOs that work with the disabled provide services only to their own members and do little to reach out to other potential beneficiaries.

The number of NGO coalitions increased during the year, with those coalitions involving a large group of citizens having the greatest success. NGO coalitions that focused less on citizens' fundamental rights and instead on the narrower areas of environmental protection, health care, and housing rights were the most active and successful. For example, in Sochi, a coalition of environmental groups organized a public campaign that resulted in a court ban on construction in a wildlife reserve.

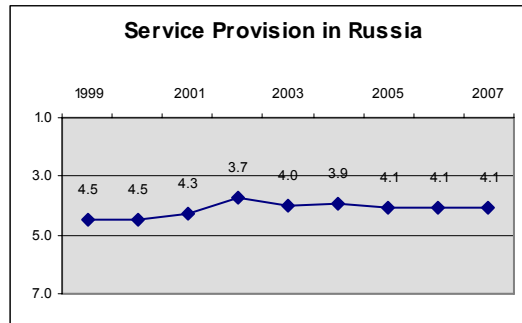
In some regions, NGOs are using new mechanisms such as public hearings and public councils to advocate more effectively. However, there is a growing trend to treat such mechanisms as formalities. The practice of loading local public councils with government-friendly or sponsored civil society "representatives" has decreased the independence of these bodies.

NGOs are developing closer relations with certain government ministries and departments. The Ministry of Economic Development and Trade is reaching out to NGOs about draft amendments to the NGO law, and working with others on national housing policy. The Public Chamber also actively seeks out cooperation with the nonprofit sector, particularly its Commission on the Development of Philanthropy, Charity and Volunteerism.

Federal budgetary regulations reflect the divided thinking over services provided by NGOs. On the one hand, the Russian government admits the usefulness of NGO services and the need to pay for them. On the other hand, the regulations fail to recognize many NGO services. For example, organizations that teach children with severe disabilities are generally eligible to apply for government subsidies. However, organizations that support children with certain disabilities that the government has classified as "uneducatable" are rendered ineligible for any government support. The Russian government has begun to

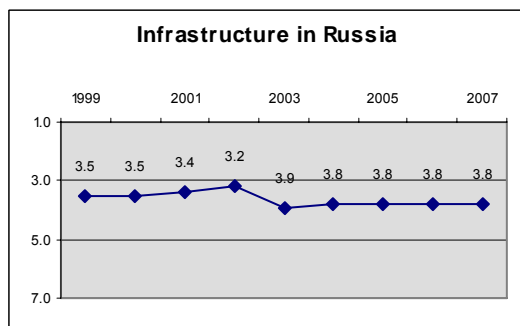
tap into NGOs' experience in certain issues, but their interest is mostly in adapting this experience for their own services.

NGOs have demonstrated innovation and creativity in devising service provision strategies, but also often neglect community or beneficiary needs assessments; similarly, many NGOs do not conduct appropriate monitoring and evaluation to measure the impact of their work. NGOs also do not do enough to advertise their services to the public, which prevents them from building constituencies, affecting their long-term sustainability.



The public views NGOs as purely philanthropic entities, limiting their ability to charge for services. Instances of NGOs charging fees have also led to government inquiries and audits.

### INFRASTRUCTURE: 3.8



The infrastructure for NGOs continued to weaken in 2007. International donors decreased funding to NGO resource centers, reducing the availability of information, trainings, and technical assistance. Failing to raise sufficient funds from domestic sources, many resource centers had to cut their programs dramatically or re-focus their activities; others simply ceased to exist. At the same time, government social services are increasingly using the services of NGO training organizations, which are changing their status to non-commercial organizations.

Despite these trends, leaders and staff of NGOs still have broad opportunities to attend trainings in areas such as strategic planning, fundraising, and working with volunteers, although they often have to cover the costs of training from their own funds.

Trainers in the regions are considered less professional than their colleagues in the major cities, yet few regional NGOs have the resources to hire the best trainers. Large, virtual web-based libraries have proven an adequate alternative for those organizations lacking funds to hire trainers or attend workshops.

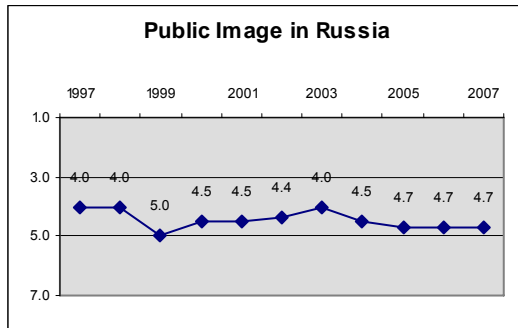
The development of inter-sectoral partnerships is mixed. While many regional and local governments continue to mistrust NGOs, small and medium-sized businesses became a stronger potential partner for NGOs in 2007, as they see NGOs as a tool for advocacy and lobbying against excessive government oversight.

### PUBLIC IMAGE: 4.7

Both the government and public remain skeptical toward the nonprofit sector. While media coverage is slowly helping the public become better informed about the work of nonprofit, charitable organizations, the quality and content of media coverage is tightly controlled by the government, which seeks to

distinguish between “friendly” and “unfriendly” NGOs. This results in conflicting and unclear impressions of what NGOs actually are and what they do.

At the same time, the media still carries almost no objective information about NGOs. Successes are often attributed to regional governments,



individual politicians, or political parties. References to human rights NGOs are almost always negative and their activities, at least implicitly, are often linked to support of various extremists.

Opinion polls show that the public is still poorly informed about the work of nonprofit organizations in general. Public opinion, while

not always negative, is rather skeptical about NGOs' reliability and capacity to address social problems. The public takes a more favorable view of charitable organizations although most still do not know what they do.

The most active NGOs have good contacts with journalists, who regularly cover their events. Paradoxically, media attention can have an adverse effect, as frequent reporting can raise government suspicions, rather than promote cooperation. Government-backed organizations are a clear exception, however. For example, the Kremlin-supported youth movement Nashi benefits from frequent media coverage and approval from officials as an appropriate channel for civic involvement.