

Outsourcing Social Services In Russia: On The Brink Of Transition

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Outsourcing in Russia

- 1990s - mass privatization in industry
- 2000s - change of ownership, based on political strategies (commodities, oil&gas, utilities)
- 2000s - growing governmental welfare spending results in less public satisfaction
- 2010 - federal government wants to attract more nonprofits in service delivery

The Nonprofit Curse of Russia

- Soviet legacy of «kind voluntary-coercive suggestions»
- «Vouchers» legacy
- 2% of Russians ever volunteered through nonprofits (political rallies and response to crisis cases)
- 68% of registered nonprofits do not exist

Government-nonprofits-society - a potential or a stale-mate?

Pros

- Education, healthcare, sports, culture, social services: 65% want better services from the government, 64% - «nonprofits could play a better role»
- 87% Federal authorities, 90% of nonprofits - want more collaboration in public goods

Cons

- 23% of Russians trust their government, 27% trust NGOs
- Government-nonprofit: mutual apprehension; population: trust neither, but expect more from the government
- 39% of nonprofits make their reports public
- Politics or services?

Are regional authorities positive about privatization?

- **if yes**, reforms are forecastable, trustworthy, regions self-adapt
- **if no**, risk of regional departmentalism, formalism, opportunism, sabotage, and inertia

Regional top executives' vision of privatization

- 78% - **advisable** in their region, 75% - in Russia (to improve quality, scope, geography of services), 8% - not worth-while.
- Privatize: social services (34%), education (pre-school - 19%, professional retraining - 14%, higher education - 13%), healthcare (stationary 24/7 - 16%, ambulatory - 17%, stationary day care - 23%, rehab and recreation - 17%)
- «Is Regulation an issue after privatization?» - 14%. The government trusting nonprofits?

Limits of privatization

- Information asymmetry: federal-regional, regional-municipal, regional-regional, interdepartmental
- Positive experience is related to «government failure», negative - to «market failure» (twice as much positive consequences, 7 times more positive answers) (Salamon 2001, Weisbrod 2001)
- **$Y=0,457+0,729*X1-1,143*X2$ - conservatism stronger than positive experience. Bonding capital still stronger than bridging [Putnam]?**
- Administrative markets in Russia [Kordonsky 2006]

What do regions do?

- grants
- contracts (compete with forprofits)
- social impact bonds? Khakassia. Drop alcohol consumption by better individual counselling after sobering-up stations, decrease readmittance. Problem: hard to measure, almost undoable (change the environment)

Breaking vicious circles of isolation from above

- with money: sharing the experience across regions and departments and educating officials
- without money: follow 道 (dao). Do not distort (mission drift), but identify, amplify and spread good experience

首 — head, chief (shôu). *shôu* - 守 — to guard, to defend, to keep watch, to abide by law, to observe, to be nearby and to be adjoining

What Can We Expect from 道-strategy in the Nonprofit Sector ?

- Civil society appears where market and government do not cope [Salamon]. **Lesson:** keep opportunities open, do not disturb, but guard the 道 of others. **Result:** people self-organize and «taste the real state» when they really need it
- Those self-organize and act in public good who are really in need or who really believe they are doing the right thing. **Lesson:** do not force, do not be too powerful. **Result:** people expect less from you.
- If people need help in their endeavours, they look for it. **Lesson:** contemplate and keep your eyes open, let the public be your eyes and ears (eg, create public oversight boards). **Result:** you help the needy without saying who is the needy. Their motivation and results of their work are more trust-worthy.
- If needy are identified, all are happy. **Lesson:** spread success. **Result:** keep people happy by «inaction» (true 道).

谢谢！

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