

Title of the presentation **Explaining Regional Variations in Outsourcing of Social Services to Nonprofits in Russian Regions**

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The planned conference presentation summarizes main findings of the empirical study aimed at explaining regional variety in policy outcomes of the social service provision reforms in Russia by means of statistical modeling. In a broader sense, the paper asks how long-existed monopoly of the public sector providers loaded with the communist heritage is reformed and replaced by competitive procedures and quasi-market environment introduced by outsourcing schemes. **The paper therefore aims at explaining what accounts for regional variations in outsourcing of social provision to non-state providers (civic organizations, small business and social entrepreneurs)?** The empirical analysis demonstrates that in those spheres of service delivery (care for elderly and the rehabilitation of drug and alcohol abusers) where the societal demand for better quality of services and the ability of clients to invest resources exist, the outsourcing is more intensive. While assistance for children left without parental care, homeless and people with disabilities volunteers and private donations compensate for state withdrawal from its previous social obligations. In addition to that, the influence of the regional policy on economization (“optimization”) and restructuring of the public sector (measured as a percentage of autonomous public organizations registered) in social service provision has been revealed. Empirically, the analysis draws on the data from 73 Russian regions in 2016 and 2017 where the outsourcing scheme has been introduced and implemented.

Outsourcing and diversification of services as a popular principle in housing, and other policy areas, has been recently introduced by the federal government in the social provision. The service provision reform aims at changing the behavior of regional welfare bureaucracies and citizens who are entitled to services. In particular, the federal law 442 federal Law “On the Basis of Social Provision for Citizens in the Russian Federation” which came into force in January 2015, prescribes regional welfare bureaucracy to officially recognize non-state providers as a part of the service provision system and distribute budget funding among providers which delivered services to clients. While every citizen is free to choose among providers, the welfare bureaucracy secures control over the scope of services eligible for reimbursement, the price of services delivered and monitoring of performance. New legislature targets elderly, addicts, homeless, disabled, children, women and families in danger and children left without parental care. The recent studies demonstrate that regional governors have scarce incentives to initiate innovations in order to advance economic and social performance (Rochlitz, Kulpina, Remington, Yakovlev 2015). When it comes to the implementation of federal initiatives, there are three key reasons which encourage governors to advance economic modernization and diversification. First, high political priority of the policy sphere or a target group itself, is one of the key explanatory factors (such as maternity capital) that make regional authorities diligently bring federal initiatives into action. Yet, the underprivileged touched by the service provision reform do not seem to be a politically relevant category of citizens and thus one would expect no interest in implementing federal-driven initiatives. Second, the influence of the regional policy on economization (“optimization”) and

restructuring of the public sector (measured as a percentage of autonomous public organizations registered) in social service provision has been scrutinized. Third, the rationale of outsourcing comes from the actual need “to activate the resources of private sector” dealing with complex social problems (Sabine Kropp, p. 2, in: Holm-Hansen 2018). The nonprofits sector has not demonstrated big impact as a stable and reliable sector of social economy by now (“paid and volunteer work force = 1,2%”, cited by: Lester M. Salamon, Vladimir B. Benevolenski, Lev I. Jakobson, 2015). These predictions lead to the expectation that the recently introduced outsourcing will not be implemented or scarcely used by regional welfare officials. However, the collected data show that in 71% (47 out of 66 regions) in 2016 and in 89% (62 out of 70 regions) of Russian regions NGOs and social entrepreneurs are officially operate as social service providers and obtain reimbursement from regional budgets. Do these examples should be considered as “pockets of effectiveness” or there is a set of specific conditions which account for a variety of the reform outcome across the country? The analysis takes regional variety in outsourcing as an empirical puzzle which is hard to explain using the above described predictions rooted in the analysis of other modernization projects in Russia. The paper therefore aims at explaining what accounts for regional variations in outsourcing of social provision to non-state providers (civic organizations, small business and social entrepreneurs)?

These data combine unique numbers of public facilities in 70 Russian regions under sub-national ministries (departments) of social protection in 2017 because it is not available as aggregated figures provided by the national Ministry of Social Development or the Russian Statistical Service and I collected them from the websites of the regional governments. Both, cross-regional analysis of all providers as well as cross-sectoral has been conducted to reveal regional patterns which are explained by a statistical model. Complementing the existing literature on selected regional cases, specific policy spheres and the description of general all-Russian tendencies (Salamon et al.; Bindman and Bogdanova; Pape; Holm-Hansen 2018), this study takes a sub-national perspective to identify regional patterns. Poisson regression and negative binomial regression enabled to examine the correlation of variables with the dependent variable distributed randomly. Both tests prove the strong interdependence between the number of autonomous public organizations and the percentage of non-state providers supporting the hypothesis about the influence of the regional policy on economization (“optimization”) and restructuring of the public sector (the scope of autonomous public organizations registered was used as a proxy) in social service provision.