

Indigenously Funded Russian Civil Society

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Debra Javeline¹

University of Notre Dame

Sarah Lindemann-Komarova²

Novosibirsk State University

Most reports on Russian civil society focus on government efforts to restrict Western funding to Russian nongovernmental organizations (NGOs) with legislation on foreign agents and undesirable organizations. The legislation has created legal, bureaucratic, social, and financial hardships for NGOs, and many observers have inferred from the hardships that local organizations are ceasing to be independent and that Russian civil society is collapsing.

We challenge these inferences with evidence from interviews and participant observation at conferences, training events, and community activities in 2016 and 2017 and from databases of registered NGOs and foreign agents. The laws on foreign agents and undesirable organizations have had negative effects, and Russian civil society continues to be resource-poor. However, most organizations were never financed by Western donors in the first place—the share of all NGOs receiving such funding reached a high in 2009 of only 7 percent. A lack of funds, more than government pressure or fear of being listed as a foreign agent, is the highest concern of NGOs. Half of 852 NGO respondents in a 2017 survey by the [Centre for Studies of Civil Society and the Nonprofit Sector](#) at the Higher School of Economics named lack of funds as their organizations' main problem, compared to only 4 percent and 1 percent that named government pressure and the foreign agent law, respectively.

In response, Russian NGOs in the last half decade have taken advantage of the tremendous growth in domestic funding opportunities. Sources of domestic funding for civil society organizations include Russian regional governments, the federal government, corporate donors, private foundations, local community foundations, private individuals, and endowments, along with the foreign donors who remain

¹ [Debra Javeline](#) is Associate Professor at the University of Notre Dame.

² Sarah Lindemann-Komarova is Instructor at Novosibirsk State University.

committed to Russia. Observers seeking to understand the future of Russian civil society would do well to pay attention to developments in the indigenous funding environment.

Russian Regional Governments

The history of Russian regional governments providing funds to civil society organizations through grant competitions dates back to 1996. Today, regional and municipal NGO grant competitions are widespread, and some, such as Yakutia/Sakha Republic, have budgets as high as 100 million rubles (\$1.7 million). The competitions vary in integrity and efficiency. Some lack transparency and objectivity or demand high levels of paperwork and volunteerism for small amounts of money, whereas others have transformed into highly reputable programs with citizen input.

In 2011, regional involvement in NGO financing expanded when the Russian Ministry for Economic Development (MED) launched a competition to provide matching funds to regions that supported social NGOs (SoNGOs). In 2015, 621 million rubles (\$10 million) were awarded to 55 of 74 regions that applied, and in 2016, President Vladimir Putin mandated that 10 percent of regional budget allocations for social services be distributed to NGOs. Also in 2016, the federal government mandated that regional government budgets would fund regional Public Chambers and thus promote the development of civil society institutions. While some observers dismiss these developments as cooptation or less important than oppositional political action, the funding and the social actions it supports are meaningful to Russian civil society leaders and the communities they serve. Regional funding has also been valuable in providing an entry to civic involvement for young people.

Russian Federal Government

The federal government announced its first national grant competition for NGOs, "Presidential Grants," in 2006 and distributed one billion rubles annually (\$33 million) from 2007-2010. The process was widely critiqued for its unclear guidelines, lack of transparency, inexperienced administrators, minimal geographic diversity in judges and recipients, insufficient feedback to recipients, and weak results. In 2011, MED seemed to answer these complaints with two new competitions, one for the regions and one that directly supported SoNGOs, both widely regarded as more effective and fair than the Presidential Grant competition. By 2016, the MED program was terminated, but the Presidential Grant program was reformed in the MED program's image by First Deputy Chief of Staff of the Presidential Administration Sergei Kiriyenko and General Director of the Presidential Grant Fund Ilya Chykalin. The first round of the new Presidential Grant competition closed on May 31, 2017, and 970 NGOs were awarded grants from a record breaking 6,623 applicants. Among the grant winners were three current and two former foreign agent designees, and among the rejected applicants was the Night

Wolves biker group, a regular past recipient closely associated with the government. This first round, together with a second round in the fall of 2017, will distribute \$7 billion rubles (\$120 million).

Most interviewees were open-minded about the possibilities presented by the new competition. Criticisms exist, including the obvious potential for government financing of NGOs to lead to cooptation of civil society. However, the largest concern is simply the insufficiency of funds, because even the expanded federal program cannot meet the needs of the roughly 225,000 registered civic organizations and all their initiatives.

Also in 2016 and 2017, the federal government established the status of “Provider of Public Benefit Services” (PPBS), which allows qualified NGOs to receive tax breaks and priority government funding for social services. Again, interviewees see concerns, such as the possibility that Moscow will dictate solutions to local issues or that attention to social issues will crowd out other needs in civil society. However, they also see promise, such as the possibility for a sustainable financial future for some NGOs.

Corporate Donors and Private Foundations

Until the mid-1990s, corporations and individual businesspeople played only a minor role in the financing of Russian civil society. Today, Russia boasts active growth in philanthropy from corporate and family organizations such as Potanin Foundation, Sistema Foundation, and Timchenko Foundation and a coalition of such foundations in the Russian Donors Forum, as well as from domestic businesses such as Norilsk Nickel, JTI, SUEK, Gazpromneft, and Metalloinvest, and international businesses such as Amway, Nestle, and United Way. Most, if not all, major companies operating in Russia now have either in-house philanthropy programs or affiliated foundations. Private and corporate foundations are providing millions of dollars-worth of assistance to Russian civil society, an unthinkable development only a decade ago.

In 2010, 17 percent of NGOs reported receiving donations from Russian businesses, and by 2015, that number increased to 23 percent. Donations are sometimes given directly and other times in the form of training programs, promotion of social entrepreneurship, and endowments. Funded projects have included children’s hospitals, playgrounds, sports camps, specialized travel for wheelchair users, preschool opportunities, and affordable retirement homes, as well as working space for community groups and a school for social entrepreneurs. Again, critics may deem these projects less significant for civil society than political opposition, but for Russian activists and their communities, the funding is meeting critical needs in civil society development. The bigger issue, from a local perspective, is that many Russian businesses expect a high degree of volunteerism from NGOs, whereas the organizations themselves see the key to a sustainable future in raising the number of salaried employees. Many interviewees

were optimistic that businesses are starting to accept the model of more professionalized NGOs, and some interviewees shifted their careers from business to the NGO sector.

Local Community Foundations

Community foundations finance social and charitable projects with local funding to enhance the quality of life in that locality. The first such organization in Russia, the Togliatti Community Foundation, appeared in 1998, and today the country has 70 community foundations in 29 regions, most in small cities or rural communities. Funding comes from local residents, big companies, municipal authorities, regional authorities, community organizations, board member donations, charity fairs, concerts, and other fundraisers. Although funds from community foundations are small compared to private and corporate ones, they represent a sizable source of assistance to Russian civil society that again was unavailable only a decade ago.

Fundraising Training

Russian civil society leaders now have opportunities to learn how to raise money. The most well-known fundraising training event is the now-annual *Belye Nochi* (White Nights) program, organized by the St. Petersburg NGO Development Center, CRNO. Other events are run by Moscow Impact Hub, Archangelsk's Garant, Novosibirsk's Siberian Civic Initiatives Support Center, and Novosibirsk's Constellation of Hearts. While not all organizations and activists have the resources to attend such training, affordable opportunities are appearing and expanding.

Individual Giving and Crowdfunding

Private donations to charities and community development, once unusual in Russia, are now commonplace. In the last few years, between a third and a half of Russians have donated money each year, with the average donation between 3,300 and 5,000 rubles (\$55-85). Russians donate via traditional methods such as donation boxes in stores, purchases of souvenirs or other products from NGOs, and giving cash, and they now also donate in ways that were virtually unheard of in the country only a short time ago. They transfer money on their cell phones, attend charity events, host charity programs or events at their workplaces, pay membership dues, and transfer money online, at ATMs, and through QiWi or other payment terminals (mobile kiosks). The financing of Russian civil society has been revolutionized by a modernized Russian banking system that allows anyone from anywhere to transfer money to organizations and support various causes. These modern donation mechanisms have been especially important for human rights and environmental organizations that may be less successful securing funding from governments and corporations.

Russian organizations have been raising money through the Internet since Blago.ru launched in 2008 and was followed by Planeta Dobro in 2011. Crowdfunding also followed to take advantage of the 58+ million daily Internet users in Russia and the 70 million monthly users, with political actors such as Aleksei Navalny, Boris Nemtsov, the Moscow Helsinki Group, and Pussy Riot being the first to take advantage of the new opportunity. Notable crowdfunding sites include Planet.ru, Boomstarter, Nuzhna Pomoshch, Dobro Mail, Sberbank vmeste, and Kickstarter, with many of these sites receiving hundreds of thousands of unique visitors to fund thousands of projects. The average donation at Planet.ru and Boomstarter has been 1,500 rubles (\$25). Although the approach seems helpful in generating funds to support projects, activists have struggled to use crowdfunding to support salaries, rent, and other administrative expenses, which are less appealing to individual small donors.

Telethons, charity runs, and charity fairs are other relatively new approaches to financing Russian civil society. In 2013, Channel 1 televised Russia's first disaster relief telethon and raised 830 million rubles (\$28 million) for victims of the Far East flood. In 2014, the independent Dozhd Television hosted a weeklong telethon to support itself in the face of lost government funding and raised over 40 million rubles (\$13 million) from more than 20,000 viewers.

Charity fun runs began in 2010 with Downside Up, a Moscow charity supporting families of people with Down Syndrome, and now such runs are widespread, some even with corporate teams, thousands of runners, and thousands of support staff, such as the third annual Naked Heart Foundation charity run that raised 50 million rubles (\$840,000) in 2017. Charity fairs, such as Bazar for the Soul, have also raised millions of rubles. These forms of individual giving have become routine at a time when the Russian economy has been weak, suggesting a cultural shift in attitudes toward giving.

Foreign Donors

Western donations to Russian organizations have declined in the last half decade but have not halted completely. The Russian Ministry of Justice [reported](#) that 2,700 Russian NGOs received 36 billion rubles (\$1.2 billion) from foreign donors in 2013, and another 4,108 NGOs received 70 billion rubles (\$2.3 billion) from foreign donors in 2014. Donors and recipients may operate more secretly than in the past, making it difficult to confirm these numbers and any subsequent data. Interviewed NGO leaders assert that even Russian organizations that once relied on foreign funding and/or now receive it are still looking to diversify with indigenous funding sources to ensure future sustainability.

Conclusion

Russian civil society lost major Western funding because of recent domestic legislation. The legal, bureaucratic, and financial hassles associated with these changes have been

well documented. Perhaps the bigger story, however, is that Russian civil society has persevered with the growth and diversification of indigenous funding sources, including regional and local governments, the federal government, corporate donors and private foundations, local community foundations, and ordinary citizens. The future of Russian civil society depends less on laws about foreign agents and undesirable organizations and more on the magnitude and stability of funds provided by domestic sources and the integrity of distribution processes.

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