

Remove Government Pressure From Small Businesses and Nonprofit Organizations

A Statement by Nonprofit Organizations

March 28, 2008 – Moscow

In connection with Russian president-elect Dmitri Medvedev's statement about the need to adopt radical reforms to free small businesses from government pressure, delivered at the presidium of the state council in Tobol'sk on March 27th, we hereby declare our support for a "full ban [on] government encroachment against such enterprises unless by permission of the [appropriate] authorities: public prosecutors and courts."

Nonprofit organizations (NPOs) suffer from administrative barriers and suffocating bureaucratic controls no less than small businesses, at a time when "society demands exactly the opposite". In fact, following laws passed in 2006 and subsequent regulatory changes, these organizations have are now in a worse position than their business counterparts.

- It is more difficult, and more expensive to register an NPO than it is to register a business.
- It is easier to shut-down an NPO than a business.
- Grounds for unscheduled inspections of an NPO can now include complains and "other information...indicat[ing] that the rights and legal interests of citizens, legal persons and other individuals are being broken."
- Inspectors are given excessive authority; the list of documents they can demand is limitless and the requirements placed on organizations go beyond the scope of the NPO law, providing fertile ground for selective law enforcement.
- The Federal Registration Service (FRS) is allowed to conduct an unlimited number of unplanned inspections per year, each lasting thirty days. These inspections mirror those conducted by other government officials, including tax and work inspectors.

In both sectors the picture is similar: NPOs, like small businesses, face a "mind-boggling array of bureaucratic impediments" that "only the largest, most prominent organizations" can get through. Endless inspections force NPOs to spend much of their time and limited resources satisfying individual inspectors and guarding against capricious regulators rather than doing their work. Worst off are the thousands of small NPOs that work 'in the field', providing direct help and services to those in need. Overzealous inspectors, who 'scour for violations', combined with a presumption of guilt within oversight agencies, explain why more than ninety percent of NPOs receive a written warning regarding one violation or another according to official data. Many organizations respond by scaling back their operations for fear of future unplanned inspections and the possibility of receiving a second warning, which would allow registration services to ask a court to liquidate the organization. Courts typically side with the FRS and punishments are often disproportionate to the violations. NPOs that receive multiple warnings are shut-down or fined, though an even greater number voluntarily suspend their activities.

We are convinced that civic initiatives can and should play a more important role in the stable growth of our country, in the realization of our peoples' potential, and in the resolution of a wide range of social issues. The government alone cannot effectively meet the challenges we face or

lead us toward higher levels of social, political, and economic growth without the active participation of citizens in the civil society, economy, and life of our country.

We insist that decisive measures be taken to free all legal organizations and persons from government pressures and lower bureaucratic barriers against non-profit organizations and small businesses.

The potential benefits to our country and people are clear, yet to change the status quo requires political will. President-elect Medvedev's statements at the state council meeting on March 27th are a good start.

- *Environmental Rights Centre Bellona Saint Petersburg.*
- *Tsenr Razvitia Demokratii i Prav Cheloveka* ("Center for the Development of Democracy and Human Rights")
- *NP "Yuristy Za Grazhdanskoe Obshchestvo"*
- *Moskovskaia Khel'sinskaia Gruppy* ("Moscow Helsinki Group")
- *Grazhdanskoe kontrol'*, Saint Petersburg
- *Fund "Zashchity Glasnosti"*
- *Fund "Obshchestvennyi verdikt"*
- *Fund "Za Grazhdanskoe Obshchestvo"*
- *ANO "Yuristy Za Konstitutsionnye Prava i Svobody"* (YuRIKS)
- *Coalition "My, Grazhdane"* ("We, The Citizens!")
- *"Mezhdunarodnyi Tsentri Nekommercheskogo Prava"*, Moskva ("International Center of Non-for-Profit Law", Moscow)
- *Molodezhnoe Pravozashchitnaia Gruppy, Voronezh/ Chernozem'e* ("Youth Human Rights Movement", Voronezh/Chernozem'e)
- *Vsemirnyi Fond Dikoi Prirody* ("Worldwide Fund for Nature")
- *Nezavisimyi press-tsentri*
- *Mezhregional'naia Pravozashchinaia Gruppy, Voronezh / Chernozem'e*
- *Tsentri Razvitia Grazhdanskikh Initsiativ, Voronezh*
- *Association "GOLOS"*, Voronezh
- *Mezhregional'naia Svobodnyi Profsoyuz Studentov, Voronezh*
- *Fond Podderzhki Grazhdanskikh Initsiativ, Stavropol'*
- *Stavropol' regional center for social initiatives "Al'ter Vita"*
- *Antivoennyi Klub*
- *Penzen regional branch of the Russian organization "Memorial"*
- *Eksperty dlia Grazhdanskovo Obshchestva*
- *Dzerzhinskii Pravozashchitnyi Tsentri, Nizhegorod oblast'*
- *Fond Razvitia Molodezhnoi Politiki, Novosibirsk oblast'*
- *Tsentri Sodeistviia Grazhdanskiv Initsiativam, Dimitrovgrad Ul'anovsk 'oblast'*
- *Youth Human Rights Group "Sistema Koordinat"*, Vladimir
- *Ivanovskoe Oblastnoe Obshchestva Prav Cheloveka*
- *Rabochaia Gruppy Mezhdunarodnogo Obshchestva Prav Cheloveka, Saint Petersburg*
- *Tambovskii Oblastnoi Pravozashchitnyi Tsentri*
- *Forum Pereselencheskikh Organizatsii*
- *Respublikanskii Pravozashchitnyi Tsentri, Ulan-Ude, Bur'ati'a Republic*
- *Kurgansk oblast' civic movement "Za Chestnye Vybory"*

-*Sovet Roditelei Voennosluzhashchikh*, Izhevsk, Udmurti'a Republic.

To add your organization, contact ngo-law@yandex.ru.