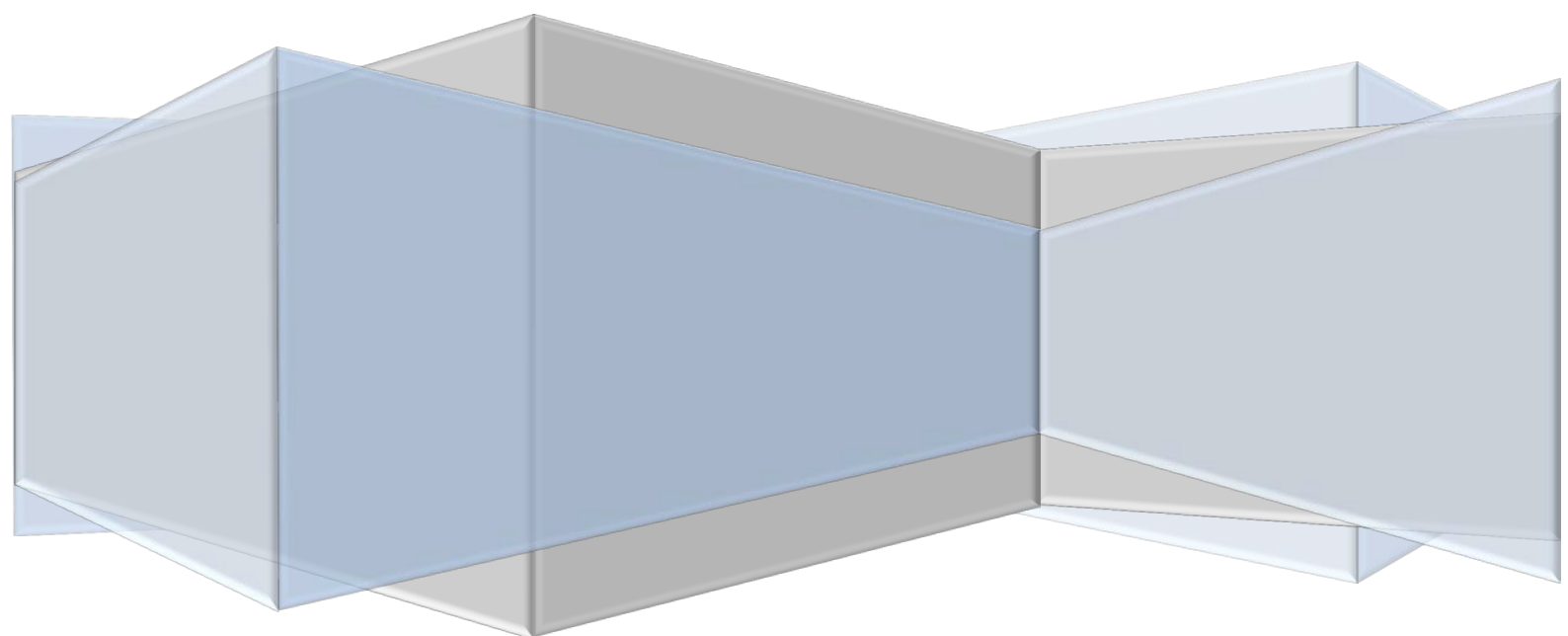


ECONOMIC IMPACT OF STATE SOCIAL PROCUREMENT MECHANISM IN THE KYRGYZ REPUBLIC

*Per request of the Committee on Social Issues, Science, Culture and
Healthcare of Jogorku Kenesh of the Kyrgyz Republic*

I. B. Mukambaeva, N. N. Dobretsova

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Summary of Analytical Report

Summary Conclusion of Report

The mechanism of state social procurement (SSP) is a necessary element of social development and social services market determined by general reforms of public administration in the Kyrgyz Republic. SSP mechanism has a significant economic impact on beneficiaries, government and service providers due to 10 basic factors that allow reducing costs, improving efficiency and level of satisfaction with services, expanding geography and range of services, defining unaccounted needs for services, ensuring comprehensive social services, saving current and future costs, and creating more favorable conditions for the service beneficiaries and their families through utilization of SSP. Thus, the greatest benefit of the SSP introduction is for the service users - the most vulnerable citizens and state.

Prerequisites for SSP Development: State Policy and International Commitments

The Kyrgyz Republic recognizes international agreements in the field of social protection and admits that not only state bodies and local self-governments, but also business, non-profit organizations and international development partners coordinated by the state are the subject of social protection¹. Strategic documents related to social protection of population in the Kyrgyz Republic are based on multi-stakeholder participation and inter-sectoral cooperation², where non-state service providers (NSSP) represented by the business and public sector can participate not only in processes of legislation improvement, but also in direct implementation of social policy including provision of social services. International agreements that the Kyrgyz Republic has joined, establish that social support is not only to reduce poverty, hunger and satisfaction of basic needs of vulnerable populations, but also, to a greater extent to ensure equal access to basic social services, timely psychosocial care, rehabilitation services, and others. The Convention on the Rights of the Child, the International Covenant on Economic, Social and Cultural Rights highlight the need to respect the rights for family environment and development of social services alternative to residential institutions, which in short are called semi-fixed or non-stationary social services. In the modern sense, social development is not aimed at placing vulnerable people in closed facilities - orphanages, nursing homes, homes for people with disabilities and other similar institutions, but rather to create conditions for them to live in family homes or for independent living. It is much more profitable for the state and society both in terms of current costs and from perspective of development. Further, a concept of state and municipal services recently implemented in the Kyrgyz Republic allows the state to transfer the service to execution by the non-state providers. This is an additional opportunity for the service development and quality improvement due to growing competition. The state social procurement is one of the best mechanisms to do so, as many times it proved its social and economic efficiency. ***Thus, the need to expand SSP is determined by the international obligations of Kyrgyzstan, its commitment to cross-sectoral cooperation and adherence to the concept of state and municipal services.***

¹ Social Security development Program of the Kyrgyz Republic for 2015-2017 adopted by the Government Resolution of the Kyrgyz Republic as of 27 February, 2015, #85.

² HCYP, 2013-2017, page. 53.

Social Services Market Review

Needs (demand) for non-stationary social services. Main groups of social services beneficiaries are: children and families in difficult life situations (DLS), persons with disabilities, and elder citizens. More than 300,000 children in DLS experience the need for social services and protection; however, there is no reliable data about how much of this need is met. Almost 30,000 children with disabilities require social services (rehabilitation, socialization, special education, and other), but their needs for social services are met by no more than 10%. Needs for social services for adults with disabilities and the elderly, 10,000 and 50,000 respectively, are covered by no more than 5%. There is no reliable data on the social services needs of homeless people, victims of violence and other groups. Circumstantial assumption can be made only in respect of victims of domestic violence, while their number exceeded 8,000 people in 2014. *Thus, from 100,000 to 400,000 people have demand and needs for social services needs in the Kyrgyz Republic, but these needs are met to the most minimum extent.*

Citizens' ability to pay for social services and state spending on social development. Vulnerable citizens of the Kyrgyz Republic are not able to pay for social services on their own, and therefore they need a targeted support from the state and expansion of the non-stationary social services range. The poverty rate is about 30% and as it continues to grow, the social security costs of the state budget increased almost twice for the period from 2011 to 2016. However, despite the increase of these expenses in GDP, their share in total expenditures began to decline steadily since 2012. At the same time, existing system of social protection in the Kyrgyz Republic includes primarily social security payments and cash compensations, while the boarding facilities inherited from the Soviet Union still remain a dominant form of social services provision. Thus, in comparison with 2010, the number of places in the boarding homes in 2014 increased by 12.8% (for the elderly and adults with disabilities by 11.1%; for children with disabilities by 20.5%). Occupancy of the elderly and adults with disabilities was 83.6% in 2014, and children with disabilities - 75.9%. This fact does not speak in favor of the fact that the state fulfills its obligations under de-institutionalization of social services and development of alternative forms to stationary service provision. Moreover, the state bears excessive spending by financing the stationary facilities despite their deficient occupancy rate.

In fact, all social services alternative to the stationary ones are provided by the state only through SSP, however, the share of the SSP funding had never exceeded 0.1% in total state budget expenditures for the period of 2011-2015. In fact, the dynamics of the SSP funding reflects a failure of the state to comply with its obligations in respect of the de-institutionalization of social services, expanding the list of services alternative to the boarding ones.

With the SSP mechanism introduction in 2008, the Kyrgyz Republic has made only the first step towards providing a wide range of social services going beyond the Soviet doctrine of stationary social facilities, which hindered children, persons with disabilities and elderly people to socialize, denied an opportunity to be full members of the society, and created a tremendous burden on the state budget without having any socio-economic impact from the facilities' operation. Ministry of Labor and Social Development of the Kyrgyz Republic (MLSD) was and remains the only customer of social services in the framework the law of 2008. Beneficiaries of services through implementation of SSP in MLSD can be categorized as follows: children and families in difficult life situations (children without custody: homeless, street children, orphans, social orphans, working children, children from low-income families, children who do not attend school, children in conflict with the law, children who are victims of violence, children in conflict zones, emergency situations, etc.); children with disabilities; adults with disabilities; the elder people; populations at risk (homeless persons, victims of violence, victims of natural and social disasters, etc.). Services provided under SSP are grouped by type: social and living (housing, food, clothing, shoes, etc.); socio-legal (re-issuance of documents, legal consultations,

representation in court, representation in law enforcement agencies, etc.); socio-medical (blood pressure measurement, blood sugar level, etc.); socio-psychological (psychological counseling including individual and group sessions, self-help groups, etc.); psycho-pedagogical (consultation of speech therapist, etc.). *Thus, SSP help the state helps meet the enormous demand for various types of social services aimed at socialization and improvement of the living conditions of the most vulnerable groups without placing them in the stationary closed facilities.*

Social service providers. Out of the 189 social service providers, 39% are state-owned, 51% - non-state, and about 10% - municipal. Non-state providers play a very significant role in the organization and provision of non-stationary social services providing 72% of these services in the country. State providers, on the other hand, provide almost 66% of the stationary – boarding social services. *Given the state policy aimed at development of non-stationary social services, it is in the state’s interest to undertake efforts in developing the marker of the non-state non-stationary services, which is not possible without empowerment and improvement of issuance procedures and implementation of state social procurement.* This is resulted by the urgent needs of the social services beneficiaries and need for development of social services, where the government plays a political role, for which it is accountable. But the government is not able to pledge all obligations in organizing and providing the services. For example, in order to replace 77 non-state centers of social services functioning, the government will need at least half a billion soms.

Evaluation of State Social Procurement’s Economic Impact

The economic impact of any state policy tool should be focused on the following terms: outcomes correspond to the development goals; national economic costs associated with the achievement of these goals are minimized; the best possible compromise between the needs and capabilities is achieved.

The economic efficiency of SSP mechanism should be measured in terms of who gets the ultimate benefit? The benefits from the SSP mechanism introduction should be evaluated firstly from the governmental perspective, which is responsible for social policy and generation of implementation costs from the state budget; secondly, from the perspective of the social services recipients through SSP; and thirdly from the perspective of the SSP executors - non-state organizations, social service providers.

Taking into account positions of three parties, factors of economic impact are distributed as shown in the table where the color saturation of the cell is a degree of influence on the stakeholders: black - high impact, gray - moderate impact; white – minor impact.

Influence of the social impact factors
on the stakeholders of the state social procurement mechanism

Factor	Vulnerable citizens – beneficiaries	State and society in whole	Executors of social services
1. Co-financing of services by the third parties in addition to the government financing from 20 to 40%			
2. Cost minimization up to 30%			
3. Strengthening competition, decreasing the concentration index			
4. Social service market development (expanding the number and list)			
5. Strengthening targeting – defining up to 25% of unaccounted recipients			
6. Service provision in remote areas			

7. Service satisfaction increase by 10%	■	■	■
8. Saving of administrative costs up to 50% for provision of comprehensive services	■	■	■
9. Indirect benefits for families: time, income	■	■	■
10. Indirect benefits for the government and society: future cost savings, sustainable development	■	■	■

As the table shows, SSP factors have the greatest impact on the vulnerable citizens - beneficiaries - 6 factors or 60 percent. 4 factors or 40 percent are extremely important for the government, while only 2 factors or 20 percent are important for the service providers themselves – represented by the NSSP executors through SSP. *This suggests that the SSP mechanism works in the interests, first of all the service recipients, secondly, in the public interest, and only in third place - in the interest of service providers and the procurement executors.*

1. Increase funding for social services by 20-40% compared to the governmental institutions providing these services. The SSP mechanism introduction inevitably leads to greater involvement of public resources in the social services provision at all levels - national, particularly at local, municipal. This is ensured by competitive conditions for NSSP to become the SSP executor, which anticipates maximum mobilization of own resources and raising additional extra-budgetary funds for the contract execution and addressing social problems. Moreover, it is easier to do it locally, literally in front of the community, as majority of citizens of the Kyrgyz Republic are not indifferent to the vulnerable and willing to help if they see a real project and the actual results.

Expert evaluation of the SSP practices utilization on behalf of MLSD showed that the average additional funding rose by NSSP in implementation of SSP ranges from 20 to 40%. Analysis of the 10 SSP projects carried out over the years per request from MLSD showed that in these cases the average share of co-financing was 37%. In other words, for every million spent by the government for the social services provision through SSP, the executing NSSP additionally raised funds from other organizations or invested own funds in the amount of 370,000 soms. Analysis of the 11 SSP implemented at the municipal level, showed proportion of co-financing at 20%. The main sources of co-financing projects are: local self-governments (LSG) which often provide venues or partially/fully cover utility expenses and purchases; parents of the beneficiaries or beneficiaries themselves who pay for meals and small purchases; sponsors who provide goods, clothing, equipment, make repairs, and pay other costs for the service provision; as well as NSSP themselves making the most significant contribution to co-financing of projects through bearing costs for salaries, overhead and transportation by involving volunteers, providing facilities, etc.

2. Cost minimizing up to 30% (reduced expenses). Most NSSP have lower administrative and overhead costs than in the governmental and municipal institutions, as NSSP operate on a project-based approach allocating overheads between projects with the greatest efficiency, they have no burden with keeping lots of full-time personnel, since they have opportunities to engage temporarily employed professionals. In addition, wages of non-governmental service provider personnel are not strictly regulated and are generally lower than in the governmental or municipal institutions providing similar services. When exploring an actual case of semi-stationary services in Batken oblast through SSP and through the governmental social institutions, it was found that NSSP saves more than 35% only on the salaries due to the fact that the NSSP personal easily moves from project to project not requiring additional social guarantees and bonuses.

3. Creating conditions for fair competition and fight against corruption. NSSP participation in competitions for SSP projects gives them skills to behave in the competitive environment. In order to win the competition, one must be able to clearly plan future activities, competently budget proposed expenditures, demonstrate own advantages over competitors. All

these allow the competition hosting agencies choosing real worthy implementers of the social contract, thus, insure against inefficient use of funds allocated for social problems solution. In practice, from 2010 to 2012 there was a drop of the social services market concentration index value provided through SSP, which meant increased competition and from 2012 to 2014 - level of competition has decreased. This meant that NSSP lost interest in participating in the SSP competitions, first of all, due to imperfect legislation. In result of analysis of the MLSD operations, an expert group of the Defense Council identified 8 corruption zones with 22 corruption risks including the SSP mechanism. However, a new draft law on SSP mechanism, in contrast, can ensure transparency of development procedures and implementation of targeted social programs and social services provision. *New edition of the Law "On State Social Procurement" improves the competitive environment, which will inevitably have a positive impact on social services quality within SSP. By creating barriers for corruption, the new draft law on SSP contains numerous provisions requiring full transparency of all procedures in formation, placement and execution of SSP. It also includes rules on public development and discussion of the social procurement program, creation of databases and a special portal for SSP, engage independent expertise for the needs assessment, evaluation of project proposals, monitoring and evaluation of the state social procurement implementation. In general, the bill outlines all aspects of transparency in detail; therefore, it consists of 34 pages*³.

4. Development of social services market (expanding the number and range of services). Out of 107 organizations that provide semi-stationary services in 2016, only about 19% (20 organizations) are governmental, others are of municipal (10 organizations or 9%) or private (77 organizations or 72%) ownership. In other words, availability or lack of SSP to some extent affects sustainability of the two-thirds of organizations' operation providing semi-stationary social services for vulnerable citizens of the Kyrgyz Republic. The government would need no less than 77 million soms⁴ to launch such centers, and this is without taking into account capital expenditure on buildings and structures, while if taking into account the buildings, this could be up to half a billion soms. The government would have to spend this amount, if the closure of these centers would inevitably occur due to lack of stable funding from the state including the SSP mechanism. There is a trend (identified during the expert review of such centers' funding in Tyup and Jeti-Oguz rayons), when the donors and MLSD seek to impose obligations on local self-governments and local budgets for maintaining these centers. *This practice is illegal, as social services according to the Constitution of the Kyrgyz Republic are matters of national importance and government is in charge for addressing them. Local self-governments will be able to finance the centers only if the government delegates powers to them with required finances.*

In terms of expansion of the social services list, there are obvious SSP benefits for state governance, as NSSP are priori more mobile, flexible to rearrange, perceive and translate social innovations. Actually, the list of state social services is limited to the state registry, which includes 21 free and two paid services. The list of social services provided by NSSP including through SSP is not limited, particularly, NSSP are the first to introduce progressive, innovative services, technologies and methods, while providing the same range of services to the beneficiaries. An example is a **CDP Balykchy**, where a complex of social services including socio-domestic, legal, socio-medical, socio-psychological and other services.

However, in the social services market development especially in SSP sector, there is a problem of these services sustainability. Calendar time for SSP execution per current legislation is limited to one year, and many already established organizations and successfully provided services face lack of funds for continuation, despite obvious needs for these services in the society for many years. In its turn, the government must organize competitions annually and seek for service providers, which unreasonably increases administrative costs and allows the state to

³ While the existing edition of the law contains 7 pages due to many gaps in the law.

⁴ Given the calculations, the maintenance of semi-stationary social center at the local level that serves one-three municipalities is approximately 1 million soms without taking into account co-financing and capital expenses per expert assessments and existing practice in place.

reject the service provision despite the high demand for this service is maintained, while its lack may even impose a threat to lives of individual citizens. Attempts to transfer the responsibility for providing services to local self-government authorities, as mentioned above, is illegal.

Examples with “-“ sign. *In 2013, the local branch of the Red Crescent Society in the framework of SSP launched a shelter for homeless people in Karakol. The project was successfully implemented with active participation and co-financing of the mayor’s office, which after the SSP close-out took charge for maintaining the center at the local budget expense. However, such expenditure in the local budget without delegated state power and financial resources has been recognized as misappropriation of funds by the Accounting Chamber of the Kyrgyz Republic, and the shelter was closed. As a result, 12 people froze to death in winter of 2015-2016, since the city had no shelter for those homeless. These deaths could have been prevented in two ways: through an extension of SSP implementation or through delegation of the MLSD power to finance this center to the Karakol mayor’s office.*

Solution to this is anticipated in the new draft law on SSP. Sections 13-14 of Article 8 of the bill state that program proposals may provide a possibility for state social procurement agreements to be issued for up to 5 years.

5. Strengthening of targeted social services provision by 25% including identification of citizens who are not covered by social protection program. Numerous examples prove that SSP really enhances the targeting of social services provision by strengthening to an extent that the social development system in its current state cannot achieve. In some cases, SSP ensures up to 100% identifying persons in need for social services, and enhances targeted provision of services by about 25% in the average. The main advantage of NSSP that work on SSP is their ability to identify persons not covered by the system, needs for social services by giving them a real chance to improve their lives.

6. Providing (creating) services in remote areas (delivery of social services to beneficiary without establishing a governmental institution). It is extremely important that the semi-stationary social services are provided by NSSP through SSP in mountainous and remote areas of the Kyrgyz Republic: Naryn, At-Bashy, Jungal, Kochkor, Leilek, Kadamjai, Toguz Toroo, Aksy, and Alai rayons in addition to central and lowland areas.

Example with "+" sign. *In Toguz-Bulak aiyl aimak of Leilek rayon, social procurement revealed 20 "latent" children with disabilities, who were unknown to the governmental social security system and had no chance to socialize and fulfilling life.*

Example with "-" sign. *In the village of Kyzyl-Suu, Jeti-Oguz rayon, by launching a municipal rehabilitation center, about 180 children with disabilities have access to the rehabilitation social services in the area of their residence. However, the center was closed by decision of the local council, as its costs have been found not to comply with the budget legislation requirements, since social semi-stationary services were the governments’ responsibility area and financing, not local self-government. In the absence of SSP, 180 children with disabilities living in Kyzyl-Suu aiyl aimak lost access to the rehabilitation services and chance to live a decent life. Many of them, especially those with severe disabilities, including spinal wheelchair, will never go beyond the parent house yard.*

Availability or lack of SSP in the area is often the most important factor that in fact determines availability or lack of access to the non-stationary services. However, LSG’s role becomes obvious in this process. If the powers for these services provision were delegated from the state authorities to local self-governments, the latter could make their own arrangements to provide services or let NSSP execute them through SSP. **Thus, the SSP mechanism based on an extensive network of NSSP allows the state with minimum costs to deliver social services to those in need all over the territory of the Kyrgyz Republic. If these powers are delegated to local self-governments, this problem can be solved immediately.**

7. Improving social services efficiency and increasing service satisfaction by 10%. Utilization of SSP technology can absolutely improve the quality of social services. Level of customer satisfaction with services delivered by SSP executors is higher on average 10% than the corresponding level of those customers who receive the same services by the state provider financed by the current budget. Conclusion of the assessment is that NSSP can compete with the budget institutions of social service in terms of quality and efficiency of service delivery. Based on comparative analysis of organizations providing similar services in terms of outcome

indicators and level of satisfaction with services, it was found that share of very satisfied customers with NSSP services is 15% higher on average than the budgetary institution clients. Unlike the budgetary institutions, NSSP had no customers who were not satisfied with the services, while the state institutions had an average of 6%.

Example with "+" sign. *In Balykchy, the efforts of non-state rehabilitation center for children in DLS produced an impressive result: over 10 years no child from Balykchy was not transferred to the orphanage home, all children placed in the center had either returned to their families or adopted by parents and guardians.*

However, improving the efficiency of service delivery is only possible if the topic of SSP is formed on the basis of a thorough needs assessment. Existing legislation does not include a mechanism for identifying needs, so SSP organized on behalf MLSD raises questions with regard to relevance of the above contract. However, the Kyrgyz Republic has a practice of SSP on behalf of LSG bodies, while topics for SSP are formed based on a careful priority rural assessment of the local community's needs.

Example with "+" sign. *Over 3,000 people or about 250 stakeholders in each municipality (from 149 in Chatkal and Kok-Oi ayyl aimaks to 396 in Kara-Kul town) participated in the assessment of needs for services that the legislation of Kyrgyzstan allows to provide through SSP at the municipal level. It is important that selection of SSP topic was conducted in two stages or two levels. First, a priority rural assessment identified a ranked list of issues, and then during the gatherings the citizens voted for selection of the most important and urgent problem. A wide study of public opinion, priority rural assessment in the social sphere, two-level selection process allowed to the contractor - LSG –to be assured that the service was really needed or the problem really needed an immediate solution.*

Compliance with service standards, efficiency and effectiveness of their delivery within the SSP projects is possible, if the contracting public authority has a developed system for monitoring and evaluation of services. This monitoring and evaluation should be carried out both by experts and based on the beneficiaries voices. Currently, the MLSD has no such system, and its development is a priority for the Ministry, but this task is not performed due to lack of sufficient financial and human resources.

Solution to this is anticipated in the new bill on SSP. Article 4 of the draft law states that SSP is formed and located on the basis of citizen participation in identifying the most significant social problems that require solutions. Article 7 states that citizens and organizations have the right to submit their proposals for inclusion in a database of social problems and public goals. Paragraph 4 of Article 8 of the draft law requires that the authorized state body or local self-government in order to prepare a draft SSP program undertakes a study to assess needs of population in social services that SSP could address. Article 37 that outlines an agreement on socially significant project implementation, requires integration of the following substantial provisions into the agreement: targets and indicators to be achieved as a result of the socially significant project; procedures that the state contractor must follow when conducting inspections of the project implementation based on the grant funds and execution of the socially significant projects. Paragraph 4 of Article 11 of the bill allows the authorized agency to fund costs for organizing and carrying out monitoring and evaluation (no more than 5% of the amount allocated by the state to fund SSP).

Thus, the SSP mechanism demonstrates its ability to improve the service efficiency, however it required to meet at least two pre-requisites: firstly, introduction of a new mechanism for defining the procurement topics based on the actual needs; secondly, introduction of the monitoring and evaluation system of the SSP implementation results. These issues are fully resolved only in the new draft law on the state social procurement. Quicker and wider services can be arranged if the powers re delegated to local self-governments.

8. Comprehensive solution of cross-sectoral social problems and savings in administrative costs up to 50%. Economic efficiency can be measured in relation to centers that provide comprehensive and preventive services dealing with complex multi-sectoral social problems, for example, problem of domestic violence in families, which is not only social, but also has legal and financial implications for the state and society. Taking into account the administrative costs in terms of inter-agency interaction between the state bodies, which should deal with these problems (at least, MLSD, Ministry of Internal Affairs, Ministry of Health, Prosecutors' Office and courts), solutions to these problems cost the state no less than 2 times as compared with situations, where NSSP deals with social problems and preventing their consequences through SSP.

9. Indirect economic benefits to beneficiaries and their families. There are indirect benefits for the family members, for example, due to the following factors: parents of children with disabilities have more time as they can engage in income-generating activities; training for service recipients (children, adults with disabilities) on self-service skills, which also entails more time for parents or care-givers; training for service recipients (children, adults with disabilities) on a profession, so that the service recipients can earn extra income to family; bringing services to the consumers, thereby reducing travel costs and accommodation for receiving remote services; reducing stress and minimizing emotional and mental disorders of family members, which increases their ability to work; other factors that have indirect effect on family condition. The indirect economic benefits can range from 1,000 to 5,000 soms a month per beneficiary of services.

Example with "+" sign. *When in Kara-Kul, a rehabilitation center for children with disabilities was launched through SSP, Nurkyz's parents immediately transferred her from specialized agency located in the capital to Kara-Kul, hoping that their child would be able to gain necessary knowledge and skills, while the family would have less financial burden. Nurkyz's mother: "It is very important for me as a mother that she became so cheerful due to the opportunity to learn to be a seamstress, she has a great desire to have the classes and dreams to become a professional." Nurkyz was born healthy, but after suffering meningitis, she stopped speaking, the treatment proved to be ineffective. She was referred to a specialized school in Bishkek, and since she turned six years old until the end of 8th grade, the girl was in a boarding school. Nurkyz always wanted to become the seamstress, but the family did not have financial capability to provide continuing education for Nurkyz in the capital. The family felt the improvement of financial situation immediately after their daughter's transfer to the rehabilitation center in Kara-Kul.*

10. Indirect economic benefits for the state and society. The state and society benefit indirectly due to the following factors: involvement of the service recipients in social and economic development of the community, which improves capacity of the community; reduced burden on the budget for social benefits as a result of the family's welfare improvement; reduced number of children, the elderly, persons with disabilities placed in costly boarding facilities; reduced number of suicides; reduced crime among graduates of boarding schools; homelessness prevention; reduction in government spending on maintenance of expensive boarding facilities; reduced social tension in communities; improved sustainability of social relations; efficient management of public expenditure on social services with budget deficit; strengthened public trust in the government and greater opportunities for reform.

Additionally. Increased confidence and satisfaction with performance of the government by 15-20% as the growth of social and political capital. Introduction of the SSP mechanism is one of the most effective forms of social partnership and achievement of social cohesion in the society. NSSP represented by NGOs and businesses are becoming equal partners with the government in addressing social problems of local communities. Broad involvement NSSP represented by NGOs and businesses by participating in public tenders and implementation of SSP removes general population's suspicions in irrational use of funds allocated for social services, corruption and protectionism, state and municipal employees. Introduction of the SSP mechanism entails more adequate redistribution of social responsibility between the government and society. In a market economy, an operator function in the social

services market is not necessary for the state. The state's function in these matters is to create a legal framework allowing NSSP on a competitive basis in accordance with the established social standards to provide consumers with social services based on their material capabilities, including free services. Introduction of the SSP mechanism is a real and effective step in this direction.

Conclusion

The satiation analysis in the framework of the study led to the conclusion that the SSP mechanism is fully embedded in the legal system of the state, business and public sector, corresponds to several common long-term trends and concepts implemented in the government policy of the Kyrgyz Republic, namely, the concept of de-institutionalization of social services; the concept of state and municipal services; the concept of public-private partnership, cooperation between the state, business and the public sector.

In accordance with these concepts, the Kyrgyz Republic has established the market of social services. Roles of the market participants are distributed as follows. The population represented by vulnerable groups - children and families in difficult life situations, children and adults with disabilities, the elderly, homeless, victims of violence, etc. are the main recipients of social services, but due to objective reasons, related to income levels, poverty rates are unable to pay for social services on their own. Therefore, the government sets policy and provides a guarantee of free provision of social services taking on the obligations of their financing. Non-profit and commercial non-state organizations, as well as local self-government bodies should help the state in evaluating demand for social services and at the same time must perform the operator functions of social services on the ground. SSP mechanism is an important part of the system of relationships and allows with minimal cost and maximum efficiency to organize the provision of non-stationary social services in the whole territory of the Kyrgyz Republic. Figure 1 illustrates the place and role of the SSP mechanism in the process of non-stationary social services provision, thus providing a significant economic impact on social development.

Figure 1. Place of SSP in the system of social services provision

