State and SSE Partnerships in Social Policy

Recent Trends and Implications for a New ‘Welfare Mix’ in Uruguay

Cecilia Rossel
Catholic University of Uruguay

Draft paper prepared for the UNRISD Conference

Potential and Limits of Social and Solidarity Economy
6–8 May 2013, Geneva, Switzerland
The United Nations Research Institute for Social Development (UNRISD) is an autonomous research institute within the UN system that undertakes multidisciplinary research and policy analysis on the social dimensions of contemporary development issues. Through our work we aim to ensure that social equity, inclusion and justice are central to development thinking, policy and practice.

UNRISD • Palais des Nations • 1211 Geneva 10 • Switzerland
info@unrisd.org • www.unrisd.org
Abstract

Since the late 90s, Uruguayan SSE actors -mostly NGOs- started working with the state in the provision of public social services for the poorest. From that moment on, these partnerships became more and more frequent, and seem to have become a key catalyst of the welfare’s capacity for integrating excluded population groups from the traditional welfare matrix. Here I argue that this role of enablers in the welfare’s adjustment to new social risks are contributing to the growth of SSE but, at the same time, could also be threatening the sector’s capacity to develop its full potential. The strong resource dependency from the state, the new scenario of competition, the perceived loss of autonomy and the threats to the sector’s identity related to delivering public social services could be jeopardizing the political sustainability of SSE-state partnerships in the long term. Ultimately, this process could also threaten their relevance for building a new welfare mix that could effectively benefit form the distinctive advantages of SSE organizations.

Keywords: SSE sector; public social services; welfare reform
Introduction

Social Solidarity Economy (SSE) participation in social policy implementation has grown all over the world in the last decades. Many countries, first in the US and Europe and more recently in Latin-America, have been creating state-SSE partnerships for the provision of public social services, mainly oriented to excluded and poor population. In some cases, stable models of collaboration between SSE and public administration have emerged.

Particularly, since the late 90s, Uruguay has developed policies and programs where SSE actors -mostly NGOs- are having an increasingly important role in the provision of public social services for the poorest. This paper analyzes these partnerships between social and solidarity economy organizations and the government in social policy, discussing their role in recent welfare reorientations towards population’s new risks, their impacts on SSE and their implications for the construction and sustainability of a new welfare mix. The underlying hypothesis this article parts from is that SSE actors are becoming crucial for enabling welfare’s capacity for social integration through different public programs and policies. Taking that into consideration, the main discussion the paper deals with is that this role of enablers in the welfare’s adjustment could be contributing to the growth of SSE and, at the same time, threatening the sector’s capacity to develop its full potential.

Recent research and evidence gathered here show that SSE-state partnerships are facing numerous problems when considering institutional structures and daily state-NGOs relationships, and this situation opens a diverse set of questions on the future sustainability of the collaboration model. By focusing on concrete state-SSE partnerships in social policies oriented to at-risk children and adolescents, this papers aims to contribute to a deeper, evidence-based discussion about the conditions in which state-SSE mixes are developing in social policy, their challenges and their political sustainability. Ultimately, this discussion expects to push for a better understanding of the role of social policy in enabling SSE and vice versa, putting special attention on the risks involved in the process.

SSE as social service deliverer: rationale & limits

One of the most remarkable developments in the expansion of SSE in the last decades is the increasing engagement of NGOs, nonprofit organizations and other SSE actors in the provision of public social services. In the 80s a growing number of diverse state-SSE collaboration experiences in social policy gained the attention of researchers in developed countries. The following years showed a clear expansion and an increasing complexity of these collaborative settings and the possibility of having SSE organization delivering public social services became also a reality in less developed regions, like Latin America.

So while reality was showing many types of partnerships, a growing literature started dedicating to study the conditions in which these partnerships were taking place, their potential and their limits. A “catalog” of good qualities defended the comparative advantage of SSE over the public administration in the implementation of social policies
and many authors advocated for the benefits of SSE’s involvement in social services, specially those oriented to most excluded groups.

Two types of arguments were emphasized at the time. The first one pointed out SSE’s solidarity values as a key advantage for delivering social services that could effectively reach the poorest (Kramer, 1981:9), their commitment to service quality, for not having a lucrative anchor (Weisbrod, 1989), their capacity to be nearer the beneficiaries and more willing to be receptive to their needs (Uphoff, 1995), their flexibility and innovation ability (Knapp, Robertson & Thomason, 1990: 206-207). The second group of arguments stated that the entrance of SSE actors to the implementation of social policy gave more diversity and options to citizens, and more efficiency and efficacy in the use of resources (Smith & Lipsky, 1989; Kramer, 1994).

Within this discussion, there were expectations about the benefits that the engagement on the delivery of public services could bring to SSE actors themselves. Researchers started observing an increase in the number of organizations willing to get involved in welfare production and a significant growth in SSE, observable in resources –human and monetary, but also in diversity and ‘market share’ in the welfare arena (Salamon, 1987; James, 1987; Smith & Lipsky, 1989; Knapp, Robertson & Thomason, 1990; Corbin, 1999). At the same time, the ‘field of action’ of SSE widened and started to cross the borders of the policy formulation processes (Robinson & White, 1997; Taylor, 2002), advancing fast towards more professionalism.

But not everything was good news. There were strong theoretical and empirical worries about the tensions that might emerge in a scenario of SSE as public services deliverer. Several studies were showing resource competency as a negative influence on the sector’s fundamental values, because it undermined the collaborative and solidarity nature of SSE actors (Nowland-Foreman, 1998). Also, the professionalization and formalization processes imposed by the control and accountability rules of the state opened the door for bureaucratization as well. SSE organizations started to reproduce some of the traditional problems of public administration. At the same time, as the administration’s rules demanded results in the provision of the services, SSE organizations tended to be more reluctant to focus on the poorest (Knapp, Robertson & Thomason, 1990: 203-204; Froelich, 1999).

In this context, perhaps the most important issue worrying researchers was the new economic dependency of state resources, due to shift in the financial sources of organizations –specially NGOs- that was resulting in a complete predominance of state resources, usually on a regular basis (Kramer, 1981 & 1994; Salamon, 1987 & 1989b; Kramer & Grossman, 1987). From their point of view, this ‘surviving link’ could produce an asymmetric relationship, technical dependence of the SSE from the state (Smith & Lipsky, 1989: 626), co-optation and quiescence in SSE organizations (Wolch, 1990: 215). For some other authors, there was even a potential threat to the sector’s autonomy and ultimately, it’s identity, strongly related to the idea of a independent, innovative sector form the state and the market (Gronbjerg, 1993: 261). In a way, the advocacy and questioning role of some SSE actors
could be undermined because of an overgrowth of the productive role in the context of contracting-out and other types of collaborative partnerships (Alexander, Nank & Stivers, 1999: 460).

Although much water has passed under the bridge since the literature set its expectations on state-SSE partnerships, the main questions that arose in the 90s seem to be still valid. Recent research indicates the existence of clear ‘marketization’ trends within the nonprofit sector related to contract competition (Eikenberry & Drapal Kluver, 2004) and the loss –or at least displacement- of SSE values in organizations (Abramovitz, 2005). The debate on the challenge of strengthening nonprofits, despite the deep transformation the relationship with the sector and the government has gone through is still in the core of research questions (Kearns, 2003; Smith, 2008).

Figure 1 represents graphically the main elements of this debate:

**Figure 1. Main impacts on SSE when delivering services in partnership with the state**

Source: Author’s elaboration.
Although clarifying in many ways, it is important to note that, beyond the idea that some impacts may occur in the short term while others are most likely to happen in the mid/long term, the picture fails in providing any information on the specific weights and interaction of these positive and negative impacts. This – which remains probably as one of the most important shortfalls in state-SSE partnerships research- is the theoretical question that ultimately guides this paper.

Providing welfare services through NGOs and other SSE actors: the case of Uruguay

The Uruguayan welfare state was, since its origins, one of the most advanced systems in the Latin-American region. The country has a long-tradition social protection matrix, based in universal access to education, health, labor market regulation and pensions designed to cover the majority of the working population (Filgueira & Filgueira; 1994). However, with time, deep demographic, cultural and labor transformations conducted the rigid Uruguayan welfare to ‘stratified universalism’ (Filgueira, 2001), were coverage to certain benefits was guaranteed almost to everyone, but the conditions for accessing were very stratified.

This model combined a relatively strong state leading the development process in almost every relevant dimension, with a relatively weak civil society. But structural reforms carried out in the late nineties and early 2000s tended to give other actors – SSE among them- a more important role in the public policy process. This implied a fundamental breakdown in the tradition of social protection predominant in the historical tradition of the country (Midaglia, 2000).

It is, in fact, the discourse for reforming welfare states and administration what partially the trigger of the accelerated increase of contract’s availability for SSE actors in Uruguay. Liberal reforms carried out in the 90s opened the opportunity for alternative forms of social policy implementation, through trespassing resources from the state to NGOs, associations and other third sector actors. The pressure from international organizations (World Bank, IADB) for involving civil society in the new policy management model was strong, and SSE actors entered the race for accessing to new resources, because of the retraction of financial aid from international cooperation agencies (Villarreal & Santandreu, 1999; Midaglia, 2000).

This is the context the first SSE-state formal collaboration experiences in public policy started in the mid- 90s, around a childcare program (Plan Caif) designed to reach the poorest families in the country. The program –conducted by INAU, the state institution responsible for vulnerable children policies - assumed, from its creation, that the service would be delivered by civil society actors, mainly NGOs and grassroots organizations. The coverage of the initiative grew fast: while in 1997 the coverage was around 7500 children; three years later that number had doubled.

Immediately after the creation of the Plan, INAU created a special office to regulate and manage the agreements with the organizations that implemented the services. At the same time, other INAU policies and new programs started operating basing on the logic of a
stable collaboration with SSE organizations. The main features of this logic were: (i) a methodological specification of the service that was to be provided, (ii) financing of the 100% of the service costs (iii) technical specifications of the personnel that should work in the service, (iv) renewable contracts, usually yearly but with a high stability, (v) regular administrative controls to the organizations, (vi) competition process for assigning contracts (Midaglia, 2000; Rossel, 2008).

The nineties were also characterized by another important change: the arrival, for the first time in the country’s history, of the left party –Frente Amplio- to the local government of the capital, Montevideo. This circumstance transformed the relationship between SSE and public policy as well, by giving the impulse for the first formal SSE-collaboration at a local level, a program also oriented to provide childcare services to most need families in the city, framed in an ambitious decentralization plan (Rossel, 2008). But at the same time, left representatives opposed directly to the alternative service delivery formats the national government was creating, arguing they ignored the core values of SSE, including participation and representation (Midaglia, Castillo & Antía, 2006: 8; Rossel, 2011).

In both cases, despite the ideological orientations, there was a push for constructing bridges with SSE actors for the delivery of public social services and it came from the government. These two programs, along with other smaller initiatives in other areas, where the pillar over which the relationship between SSE and the state was built in the social service arena. The main argument at the time was that SSE was able ‘to do things’ that the government – for financial or organizational rigidity- was unable to do (Rossel, 2003).

With partnerships becoming more frequent, deep internal debates started emerging in the SSE, with two clear positions towards collaborating and being part of this new contracting-out settings. Those who were more convinced about the benefits of the change argued the possibility to grow and the possible strength that - via new resources- SSE organizations could reach. In contrast, the pessimistic point of view alerted on the risks of transforming into merely services providers and were reluctant of being an expression of the liberal model, based on the retrenchment of the state and its substitution by SSE (Sanseviero, 2006).

Among public administration officers there were also different opinions. Those who promoted the changes were convinced that contracting-out NGOs and grassroots organizations was the best –an only- way to expand service coverage. But others believed that this decision could represent a loss of prominence in the state’s role, in a country where the expectations on the presence of the state was still very strong (Rossel, 2008).

By the beginning of the 2000s, SSE involvement in public service delivery had crystallized in the social policy agenda. The number of services developed by SSE actors kept growing and the number of beneficiaries kept rising too. State and SSE partnerships in social policy received more and more resources every year. By 2004, approximately 80% of the beneficiaries of INAU attended to services that were delivered by SSE actors (Midaglia,
Castillo & Antía, 2006) and the idea that the Uruguayan state had an ‘executing arm’ in the SSE entered the agenda.

Recent trends: from ‘retrenchment allies’ to ‘welfare’s adjustment enablers’?

When in 2005 the Frente Amplio arrived to the national government there where many doubts about the direction that the left party could give to the role of SSE actors in the implementation of social policy, considering the strong discourse this party traditionally had regarding the retrenchment and structural reforms. But the impulse given by the creation of a Ministry of Social Development and the effort for combating the social emergency not only didn’t dismantle SSE-state partnerships but, on the contrary, demanded more and more from them.

Since 2005, the Uruguayan state –with an very rigid structure and low capacity to recruit qualified human resources- tended to rely almost completely on partnerships with SSE actors every time there was a new policy or program oriented to protect excluded groups among the poorest, usually those left behind from the traditional welfare structure. The Uruguayan welfare state has to deal with the generational unbalance of social protection and the exclusion of important social sectors, where children, adolescents, youth and women seem to be having a sad special place (Filgueira et. al, 2005). And even when the system still maintains some fundamental social services on universalistic basis (education, for example), its capability to integrate the poorest has been weakening. This was particularly clear when the last deep economic crisis affected the country, in 2002.

With this panorama, the development of new key policies and services in recent years reveal an effort to react to his situation, but reality also shows that the main efforts in these new initiatives are those relying on the SSE for delivering, and sometimes even designing, those services. Such is the case of Plan Caif and the main programs carried out by INAU, and is also the case of much of the new programs developed by the Ministry of Social Development, since 2005 (Rossel, 2011). In fact, a conservative estimation of the number of beneficiaries in child and adolescence public services delivered by SSE shows a significant increase: in 2000 these services coverage was twelve times the coverage reached in 1994, and in 2010 the number doubled 2000s coverage (see graph 1).

---

This situation – although not significant when comparing resources or beneficiaries, for example, to public education or health policies- confronts with the traditional idea that the state was the one and only public social service provider. A recent study reveals that today around one out of four programs dedicated to child and adolescence are being implemented by SSE organizations contracted by the state, and this proportion is higher when considering special protection to vulnerability and poverty (Midaglia, Antía & Castillo, 2009).

The evidence shows that the trajectory of the involvement of SSE actors in delivering social services in Uruguay led them to have a crucial role in the inclusion of groups or new problems/risks left out from the integration channels. This trend, in fact, not didn’t reverse in the last 18 years, but also seems to be getting strongest with time. However, because partnership’s origins are associated to welfare reform debates –around the need for reducing welfare state costs and bureaucratic, improving the quality and efficiency of services, deepening accountability of public administration- that where deeply related to the neoliberal reforms carried out in that period, it is difficult to understand the significant growth partnership had during the last seven years of the left government.

A possible contribution to guide future research on these questions could be that, when the climax of liberal reforms passed, much of what had crystallized in that period persisted in the social protection architecture. And although this probably occurred – as in some developed countries - in a more disorganized and fragmented way than how most of the
literature likes to assume (Bode, 2006), there is a possibility that, in Uruguay, today state-SSE partnerships are performing more than one role or, even more, are being functional to different purposes than the ones that gave them space in the public service arena twenty years ago. In other word, the retrenchment and decentralization context that contributed to the emergence and expansion of state-SSE partnerships is not reason enough to reject their relevance in the construction of a new welfare mix.

Policy partnerships for child vulnerability: welfare enablers, but SSE enablers?

The main question arising when putting together the theoretical debates and the role Uruguayan SSE is having in enabling welfare’s adjustment wonder about the impacts this partnerships could be having on SSE organizations themselves. In the following pages I offer some preliminary evidence to advance a few answers, taking vulnerable children and adolescents policies and basing on previous research, secondary information and interviews to SSE organizations related to those policies carried out in the last years.

The picture the evidence throws in the Uruguayan case is very much alike the image described by the literature (see graph 2), although not identical:

**Graph 2. SSE actors: Identified impacts from their participation in partnerships with the state in service delivering.**

- More presence in policy formulation: 21
- Sector’s growth/enables organizations to carry out their projects: 16
- Resource dependence: 16
- Professionalization: 14
- Bureaucratization and negative impact on innovation: 11
- Ideological/technical dependence: 9
- Competition: 5
- Emergence of new organizations: 2
- Increasing distance with beneficiaries: 0

Source: Author’s elaboration based on interviews to SSE organizations’ directors that are delivering social services on partnership with the state (2006-2011). In blue answers considered positive impacts and in red those considered negative ones.
The first issue that is important in this evaluation is that an important number of SSE representatives perceive partnerships allowed their organizations to have greater influence in policy formulation and service design: 21 out of 29 actors identify this as a clear positive impact. This finding contrasts with the map described from the literature, where this ‘policy influence’ or more ‘political goal’ is frequently not considered. From the actors’ perspective, this positive impact of partnerships in their organizations is observable in ‘the possibility to be permanently dialoguing with those who are responsible for policies...we became closer to public administrators, there are more and more spaces opened for interaction, and we are able to discuss policy designs. That’s a great achievement’ (SSE organization Nº 19– children and youth service deliverer).

Leaving this unexpected response aside for a moment, the second major answer is the growth of the sector, in terms of financial and human resources. For some organizations, the benefits are more related to the possibility to have “more cash flow” (SSE organization Nº 4– children and youth service deliverer). Partnerships implied a regular relationship and resource flow that gave more certainty to organizations that are used to function mostly in the uncertainty. At the same time, a representative from the SSE indicate that partnerships with the state had allowed them to ‘have a higher impact in the communities they work with, having more dynamism, efficiency and efficacy in the use of resources’ (SSE organization Nº 1– children and youth service deliverer).

Another positive effect of partnerships for SSE actors is professionalization. Several researchers and most of the organizations interviewed recognize that stable collaboration with the state and its regular controls has allowed them to improve their management capacities, as well as their ability to formulate, monitor and evaluate projects (Rossel, 2008). This was closely related to a transformation in the recruitment practices with SSE organizations, where a growing proportion of the personnel started to be remunerated, qualified personnel.

However, recent evidence also reveals that the increasing amount of resources available for SSE has opened that new competition scenario the literature warns about. A representative from an NGO that delivers services for several public institutions declares that ‘nobody recognizes there is competition among NGOs. There is, and is very hard’ (SSE organization Nº 2 – adolescence and youth service deliverer). This competition had a negative effect on coordination and networks within the SSE, creating an antagonism between organizations and obstructing the possibility of interaction and collaboration (Morás, 2001; Rossel, 2003 & 2008).

But the biggest negative impact seem to be the prominent dependency from state resources that SSE started having when partnerships became more frequent (Midaglia, 2000: 89; Gerstenfeld & Fuentes, 2005: 55-57; Rossel, 2011). Resource dependency is perceived as a threat for several reasons. The first reason is because it diminishes the technical independence of SSE actors, that start feeling forced to almost being a part of public

2 Also, although there is no precise data available, actors involved in the government and in the SSE tend to agree that there is a growing number of new organizations, created from this new situation (Rossel, 2011).
administration and have less margin to try innovative ideas: ‘The threat or weakness is in being part of the system. That happens to many small organizations, because they depend on the state. That leads them to not being able to think, to be so dependent that they can’t help others, their pairs, to get their head out of the water, because they can’t confront the state. That’s a big threat, because before NGOs had much more independence’ (SSE organization Nº 3 - youth service deliverer).

The second reason relates to the possible loss of autonomy and capacity to confront with public administration, specifically in the formulation of policy orientations: ‘The key is to diversify and don’t stay only with state’s resources. That way, you can influence other actors, take a stand, and not transform yourself in an accomplice of a pseudo system’ (SSE organization Nº 8– children and youth service deliverer). This loss of autonomy could be direct or could adopt the shape of self-censure, as a way of avoiding tensions and conflicts with public administrators and being able to retain regular resources from them.

At the same time, working in partnerships with the state seems to generate the bureaucratization process in SSE organizations, alerted already in other countries. This happens because of the growth in personnel, the increasing tasks in reporting, the accountability requirements from public administrators and the specialization of organizations’ structure. This process contributed to reduce the presence of voluntary members in the SSE. From a member of a SSE organization’s point of view, the bureaucratization changed their ‘mystic’ and transformed them in a functional actor to the state (SSE organization Nº 5– children and youth service deliverer), with a strong tendency to ‘routine activity and an utilitarian approach’ (SSE organization Nº 1– children and youth service deliverer).

In the long term, SSE actors effectively visualize these tendencies as real threats to the sector’s autonomy and identity. This is observed in the awkwardness of being a “partner” of the state, the difficulty to develop innovative ideas within the logic of collaboration with the state, an hypertrophy in the service role of SSE actors replacing their advocacy and more political ones. This perspective is clear in the statement of a NGOs director: ‘We are analyzing the possibility to restructure and decide what kind of contracts we can have and which we consider we shouldn’t carry on with. Because there is a double difficulty: there has been a transfer of responsibilities from the state, and this has killed our organizations’ initiative’ (SSE organization Nº 4– children and youth service deliverer). ‘Innovation gets diffuse and homogeneity starts being a value for the state (…) thinking more in a service replica logic and not worrying if the service that is being delivered is the best answer to the social problem that is trying to solve (…)’ (SSE organization Nº 8– children and youth service deliverer).

There seems to be some fear to lose resource access if the relationship with public administration “gets too political”, but at the same time the explanation of the diminishing of the political dimension is attributed to the routine and contract-seeking logic associated to these new setups. As a interviewed observed, ‘(...) many organizations have transformed, absolutely, into merely executants, and their questioning and political capacity was abandoned… I wonder, where is the political capacity of Uruguayan NGOs?
where does it reflects? Nowhere’. (SSE organization Nº 5– children and youth service deliverer).

**Political sustainability and implications for a new welfare mix**

In this paper I argue that while it is clear that in Uruguay SSE-state partnerships are enabling expansion of the welfare services for some groups of the population, it is less clear if this is, at the same time, an enabling environment for SSE development and strengthening. Yet more, the set of negative impacts that the research and SSE actors themselves are perceiving should be taken as an alert when projecting on the political sustainability of partnerships. State-SSE partnerships for delivering social services have acquired a growingly significant role in the Uruguayan welfare, but this growth has been accomplished with several weaknesses. This poses a doubt on the relevance of these weaknesses by discussing some of the obstacles to the possibility of SSE actors to reach the potentialities and advantages they are supposed to bring to social service delivery. And it could be worrying if resource dependency, competition, routine finally head to the same place: loss of independence and autonomy, loss of innovation capacity, weakening of political roles, vanishing of the sector’s solidarity values and non-lucrative essence.

With this preliminary evidence, it is reasonable to hypothesize that these new state/SSE partnerships are not necessarily a solid base for a politically sustainable new form of Uruguayan ‘welfare mix’. If we part from the idea that to be politically sustainable a welfare mix counting on the SSE requires it to be, if not strong, relatively solid. And the brief exam of the Uruguayan tale of welfare partnerships reveals that SSE-state partnerships seem more like a solution for organizations to survive and the state to by-pass its rigid structure that a path for enabling SSE development and strengthening. Moreover, it seems that partnerships are affecting more negatively than positively SSE development, if we assume that equals the expansion of the sector’s capabilities in the services roles, but also in the advocacy, solidarity and political ones.

From a more general point of view, the model developed in Uruguay is more close to an outsourcing process that doesn’t expect from the SSE nothing but its implementing function. And the fact that this feature hasn’t really changed since the origins of partnerships –in the 90s, with liberal reforming governments- until today -with the main left party ruling the country for the first time in history- could be a sign of the political relevance the SSE has in the welfare equation, despite the resources that receives from the state of the number of beneficiaries that covers in public social services.

**References**


Villarreal, N. & Santandreu, A. 1999. “Ciudadanía y Estado Las ONGs y las Políticas públicas”. *Cuadernos de Marcha* N° 157: págs.49 a 57, diciembre, Montevideo
