

Background notes to frame the discussions in the working groups

The role of Civil Society Organisations (CSOs) in social service delivery and in promoting sustainable growth

Within the preparation of the new policy on Civil Society Organisations, a Consultation was launched focusing on the role of Civil Society Organisations (CSOs) as governance actors, notably in promoting democratic ownership and domestic accountability. However, CSOs have traditionally been and still are important players in service delivery in certain contexts. Indeed part of their added value as actors in governance stems from their work in service delivery. This session of the Policy Forum focuses on opportunities and challenges in this area with a view to shape EU support to CSOs in line with the broader EU policy framework as outlined in the **Agenda for Change** (2011).

This development policy proposal published by the European Commission in October 2011 emphasizes the notion of **inclusive and sustainable growth for human development**, alongside democracy, governance and human rights. Together with the enabling vectors, notably a stronger business environment and deeper regional integration, and the sectors that have a strong multiplier impact on developing countries' economies and contribute to environmental protection, the Agenda considers **social protection, health and education** as essential for building the **foundations for inclusive growth**.

Recent years have seen an increasing interest in different collaborative arrangements for service delivery, including multi-stakeholder partnerships. This **multi-stakeholder perspective**, which builds on the conviction that development challenges require the effective and collective engagement of multiple actors, goes hand-in-hand with the recognition of CSOs and Local Authorities (LAs), in all their diversity, as development actors in their own right¹, whose efforts complement those of national authorities and the private sector. It is also a vision that is strongly underlined in the **conclusions of the Structured Dialogue process**, which furthermore elaborates on the distinct added value that can be brought by both CSOs and LAs².

Against this background, this workshop of the Policy Forum will focus on the role of CSOs in service delivery distinguishing two parallel discussions:

- i) The "role of CSOs in service delivery in social sectors", notably in health and education;
- ii) "CSOs and the promotion of sustainable growth through jobs and entrepreneurship".

A. The role of CSOs in service delivery in social sectors

Effective provision of basic services, which is deemed vital for poverty reduction and inclusive growth, is the primary responsibility of the State, in its various forms (at national, regional and local levels). Indeed, the State is responsible for funding, steering, coordinating and organising the provision of social services to its citizens. However, access to health and education among other basic services is often highly constrained by diverse factors of financial, geographical, infrastructural, technological, institutional, social and cultural order.

¹ Article 20 of the Accra Agenda for Action (AAA) and Article 22 of the Busan Declaration explicitly refer to Civil Society organisations (CSOs) as independent development actors in their own right. Article 21 of the Busan Declaration also highlights the critical roles of LAs.

² See the Concluding Document (2011) of the Structured Dialogue (pag 8).

Depending on the situation in which a country finds itself as well as its political choices, a wide array of institutional arrangements are possible. The State may provide services on a centralised basis or may delegate the provision to local authorities, on the basis of the local autonomy and subsidiary principles³. In this regard, as outlined throughout the Structured Dialogue, Local Authorities can play a cornerstone role in ensuring equitable delivery of basic services to their citizens.

The State (in its various forms) may also provide the services directly or may sub-contract delivery to other agencies, including CSOs (notably faith based organisations, community based organisations, etc.). In certain cases, services may be funded and operated through partnerships between the State, the private sector and/or CSOs. In other cases, services may be provided directly by private companies, by CSOs or through participatory schemes and/or collective self-provision. This is particularly relevant in fragile countries as well as those contexts where the State is either weak, unwilling or absent.

Recent years have seen new and innovative patterns and schemes for service provision being developed and researched (e.g. voucher schemes; social franchises; etc.) and government reliance on CSOs to deliver services has become a widespread, and growing, practice throughout the world, also in advanced industrial countries⁴.

An interesting area of work is **co-production**, which the OECD⁵ defines as “a way of planning, designing and delivery public services, which draws directly on input from citizens and CSOs”. At the core of this notion of co-production there is the idea that **public services can work better and be more pro-poor, responsive, innovative and inclusive** (towards vulnerable groups and/or in areas/regions where government services are not available) when they harness people’s interests, energies, expertise and ambitions through the active engagement of CSOs and meaningful involvement of the government, financially but also policy and programme-wise.

In this regard, experience shows the importance of retaining a sound governmental responsibility and capability to steer, monitor and supervise CSO operations and operate the new instruments of public action through which the partnerships are configured⁶.

Yet, despite the interest and potential benefits, multi-stakeholder partnerships also involve significant challenges to all actors involved, from governments and CSOs to donors and other development partners supporting these processes and schemes. On the one hand, reliance on CSOs to deliver government-funded social services raises important management, accountability and legitimacy challenges to governments, including Local Authorities where these schemes are often applied. This also depends in the regulation in place for CSOs operations at country level. There are challenges as well for Local Authorities in terms of capacity and resources available to engage in these processes. On the other hand, CSOs are confronted with other issues and risks, including the potential loss of independence, reduced flexibility due to increased bureaucratization and limitations to their advocacy and watchdog capacity. Evidence also suggests that multi-stakeholder arrangements can be vulnerable to external factors, including economic conditions, political climate, trust or culture⁷.

³ See Concluding Document, section on LAs roles (page 8)

⁴ See "Outsourcing Social Services to CSOs: Lessons from Abroad. Leon E. Irish, Lester M. Salamon and Karla W. Simon". World Bank. June 2009).

⁵ Citizen involvement in the design and delivery of public services Expert meeting on “Building an open and innovative government for better policies and services”. OECD. June 8-9, 2010 Paris

⁶ See "Outsourcing Social Services to CSOs: Lessons from Abroad. Leon E. Irish, Lester M. Salamon and Karla W. Simon". World Bank. June 2009).

⁷ Whose Public Action? Analysing Inter-sectoral Collaboration for Service Delivery. Literature Review on Relationships between Government and Non-State Providers of Services. Dr Kelly Teamey. International Development Department School of Public Policy University of Birmingham. June, 2007

Finally, the role and space of International Non Governmental Organisations (INGOs) in these processes, is another important element to consider, with a special attention to the different contexts, considering the potential risk of substitution that may arise, as well as the imbalance and differences in capacity that continue to prevail between INGOs and local CSOs⁸.

Questions for debate

- § What are the core ingredients of sustainable "partnerships models" in social service delivery? If possible, please provide concrete examples of partnership models which worked and explain why they were successful. What contextual elements (e.g. legal framework, administrative culture, procedures, etc.) promote or inhibit them?
- § How does decentralization affect the conditions for multi-stakeholder partnership models?
- § What should be the role and space of INGOs in these partnerships in different contexts?
- § How can the EU effectively contribute to advance practices and systems in matters of multi-stakeholder approaches to social service delivery? What is the added value of EU support in this context, compared to other donors' support?
- § How can the EU support and encourage CSO efforts of alignment and development effectiveness with regard to the services they deliver in developing countries? How can the EU help mitigating some of the above-mentioned challenges associated with support to CSO service delivery vs State systems strengthening?

B. CSOs and promotion of sustainable growth through jobs and entrepreneurship

According to the Agenda for Change **sustainable growth** is characterised by people's ability to **participate in, and benefit from, wealth and job creation**. This notion goes beyond economic aspects (e.g. capital investment, infrastructure, labour force growth, productivity and technological progress) and encompasses social factors like equality, redistribution and inclusiveness with a view to ensure the incorporation of excluded sectors of society and due attention to the dynamics surrounding the reduction of poverty.

Recent years have seen interesting debates regarding the different roles that the State (in its various forms and levels, from the national authorities to LAs), the private sector, and more recently also CSOs, can play in the path towards sustainable growth. This particularly concerns entrepreneurship and job creation, as pre-conditions for sustainable development and equitable distribution of wealth and prosperity. In this regard, and even though the involvement in sustainable growth of CSOs and LAs goes beyond job creation and entrepreneurship, these two dimensions have been selected for this workshop as are considered particularly relevant for CSO engagement.

Leaving aside ideological positions, consensus seems to emerge on the **cornerstone role played by certain categories of CSOs** (e.g. cooperatives, farmer organisations, etc) in promoting initiatives that are both responsive to community needs and stimulate local economic growth; thus combining economic and social ambitions.

⁸ See SD Concluding document, section 3. Partnerships and complementarities between actors (page 9).

Evidence shows that CSOs can perform multiple roles and engage at various levels with the State and the private sector. To mention some, CSOs can promote ethical and equitable business models (e.g. fair trade, community-driven entrepreneurial initiatives; etc.); act as incubators of social and economic innovations; promote the participation of women and social excluded groups in economic production; encourage social entrepreneurship to promote sustainable social changes; provide support services (e.g. technical support, access to markets, financial services) to individual entrepreneurs and private initiatives; promote social corporate responsibility and inclusive business models in the private sector; provide advisory services to the State by tapping on the assorted empirical knowledge of citizens or contribute to the management of public goods and common property resources, amongst others.

Evidence also suggests that multi-stakeholder partnerships can be very beneficial as they allow different relevant stakeholders (namely national and/or local governments, the private sector and CSO) to work together and develop mutually-reinforcing initiatives to promote entrepreneurship, create jobs and support growth. In particular, and building on the conclusions of the Structured Dialogue, there is room to deepen partnerships at the local level, considering the cornerstone role that can be played by LAs, as the layer closest to citizens, in initiating and supporting local economic development initiatives that bring together different actors around common goals.

However, there are challenges and concerns that need to be considered. To start with, CSOs (particularly cooperatives and farmers associations) may be confronted with the issue of feasibility of their socio-economic activities and insufficient market-driven approach; risk of over-control and regulation by governments, inability to scale up their activities or limited access to credit and/or markets, amongst other factors. Also, co-operation schemes and multi-stakeholder partnerships entail significant challenges, ranging from the necessary respect for each other's interests and prerogatives to the institutional and financial viability of the designed schemes and the incentives system required to promote and support effective cooperation.

At the local level, the role that LAs can play to effectively promote, support and steer multi-stakeholder arrangements aimed at job creation and support to entrepreneurship needs also to be further explored.

Finally, the role and space of International Non Governmental Organisations (INGOs) is another important element to consider, particularly with regards to the transfer of knowledge, capacity development and peer support.

Questions for further debate

- § What are the pre-conditions and capacities required for establishing successful partnerships aimed at job creation and promoting entrepreneurship? What can different stakeholders do to create the necessary incentives for collaboration?
- § What contextual elements (e.g. legal framework) promote or inhibit CSOs entrepreneurial roles?
- § What role can be played by INGOs to (i) promote local CSOs' roles in job creation and entrepreneurship and; (ii) strengthen multi-stakeholders partnerships with a view to maximise their potential to contribute to poverty reduction?
- § How can the EU effectively support the socio-economic approaches to job-creation and entrepreneurship developed by CSOs while avoiding creating dependency?

