Civil Society Organizations
and Service Provision

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Acronyms

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<td>BRAC</td>
<td>Bangladesh Rural Advancement Committee</td>
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<td>CSO</td>
<td>civil society organization</td>
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<td>CWSA</td>
<td>Community Water and Sanitation Agency</td>
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<td>DANIDA</td>
<td>Danish International Development Agency</td>
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<td>DFID</td>
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<td>GNP</td>
<td>gross national product</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>INTRAC</td>
<td>International NGO Training and Research Centre</td>
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<td>NGO</td>
<td>non-governmental organization</td>
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<td>NPM</td>
<td>New Public Management</td>
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<tr>
<td>OECD/DAC</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>UNDP</td>
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International NGO Training and Research Centre (INTRAC)

Founded in 1991, INTRAC is a support NGO that specializes in providing research, training and consultancy services to NGOs in the South and North. INTRAC’s research agenda covers such themes as: Civil Society and Its Strengthening; NGOs and the Private Sector; NGO Partnerships; NGOs and Advocacy; NGOs in Situations of Conflict; and Urban NGOs. Through its Proactive Programme, INTRAC provides ongoing research support to a group of Northern NGOs. Each year, INTRAC offers a programme of research seminars on topical themes and issues in the NGO sector. These seminars serve to update NGOs’ staff and other interested development professionals. In the last five years, INTRAC has undertaken research for NGOs and official agencies in more than 30 countries. A quarterly publication, INTRAC, discusses issues relevant to NGOs. There are currently 22 staff and more than 20 associates at INTRAC.
Summary/Résumé/Resumen

Summary
Civil society organizations (CSOs) emerged in the 1990s as increasingly influential actors in national development. In one area in particular—the provision of basic services—CSOs have in many countries assumed a major responsibility. This study identifies and analyses the operational lessons concerning CSOs and service provision that have emerged to date. The analysis is based on a range of criteria: targeting the poor, quality of services provided, efficiency and sustainability.

The study also examines a number of broader issues that can influence the performance of CSOs in service provision: the nature of the contracts that CSOs have with governments to provide services; government legislation affecting CSOs’ ability to provide services to the poor; and how CSOs can use their work in service provision to influence policy.

A key influence on CSO involvement in service provision is the relationship with government, and this is critically reviewed in the context of the notion of partnership. In this respect the study finds that CSOs need to ensure that they are able to maintain their own distinctive contribution to development and not merely become contracting agents of the state.

Finally, the study summarizes a number of critical issues that will continue to be at the core of CSO involvement in service provision: (i) performance, and the ability of CSOs to improve access, coverage, quality and efficiency in partnership with the state; (ii) the accountability of CSOs in terms of service provision, and the extent to which CSOs are more accountable to international donors than to the poor whom they are supposed to serve; (iii) the influence of current trends to decentralize government bodies, and how this affects CSOs; (iv) the dilemma between CSOs’ commitment to service provision and their ability to play a broader role in economic and social development; and (v) the potential for CSOs to broaden the focus of their work in service provision and integrate a more rights-based approach.

The study concludes with a number of key policy issues for governments and official agencies in relation to CSOs and service provision.

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Résumé
C’est dans les années 90 que les organisations de la société civile (OSC) ont commencé à exercer de l’influence comme acteurs du développement social. Dans un domaine en particulier—la prestation des services essentiels—les OSC en ont assumé la responsabilité majeure dans de nombreux pays. Cette étude tire les leçons de leur pratique dans ce domaine et les analyse en
fonction des critères suivants: le ciblage des pauvres, la qualité des services fournis, l'efficacité et la viabilité.

L’étude porte aussi sur des questions plus générales susceptibles d’influer sur le fonctionnement des OSC dans la prestation de services: la nature des contrats conclus entre elles et les gouvernements à ce sujet, la législation affectant leur capacité de servir les pauvres et la façon dont elles peuvent utiliser leur activité de prestation de services pour infléchir l’orientation des politiques.

La relation OSC-gouvernement exerce une influence décisive sur l’engagement des OSC dans le domaine de la prestation de services et elle est passée au crible au travers de la notion de partenariat. A ce sujet, l’étude conclut que les OSC doivent veiller à pouvoir toujours fournir un apport distinctif au développement et à ne pas laisser leur rôle se réduire à celui d’agent sous-traitant pour l’État.

Enfin, l’étude résume un certain nombre de questions critiques que l’on devra continuer à se poser à propos des OSC dans la prestation de services: (i) les résultats, et la capacité des OSC d’améliorer l’accès, la qualité et l’efficacité de ces services en partenariat avec l’État; (ii) la responsabilité des OSC en matière de prestation de services—dans quelle mesure ne sont-elles pas plus loyales envers les donateurs internationaux qu’envers les pauvres qu’elles sont censées soutenir; (iii) la tendance actuelle à décentraliser les organismes gouvernementaux ses conséquences sur les OSC; (iv) le dilemme entre l’attachement des OSC à la prestation de services et leur aptitude à jouer un rôle plus large dans le développement économique et social; et (v) la possibilité qu’ont les OSC d’élargir leur horizon dans leur activité de prestation de services et d’axer davantage leur approche sur les droits.

L’étude se termine par un certain nombre de questions politiques essentielles à l’adresse des gouvernements et des institutions publiques concernant les OSC et la prestation de services.

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**Resumen**

Las Organizaciones de la Sociedad Civil (OSC) surgieron en la década de 1990 como actores cada vez más influyentes en el desarrollo nacional. Las OSC han asumido en muchos países una importante responsabilidad particularmente en un ámbito: la prestación de servicios básicos. En este estudio se identifican y analizan las lecciones operacionales relativas a las OSC y a la prestación de servicios que han surgido hasta la actualidad. El análisis se basa en una serie de criterios: selección de los pobres, calidad de los servicios prestados, eficiencia y sostenibilidad.

En el estudio también se examina una serie de cuestiones más amplia que puede influir en los resultados de las OSC en lo que concierne a la prestación de servicios: la naturaleza de los contratos firmados entre las OSC y los gobiernos para la prestación de servicios; la legislación
del gobierno que influye en la capacidad de las OSC de prestar servicios a los pobres y el modo en que las OSC pueden utilizar su labor desplegada en el ámbito de la prestación de servicios para influir en la política.

La relación con el gobierno es una influencia clave en la participación de las OSC en el ámbito de la prestación de servicios y se hace un estudio crítico de este aspecto en el contexto del concepto de asociación. Con relación a este tema, el estudio considera que las OSC necesitan cerciorarse de que son capaces de mantener su propia contribución distintiva al desarrollo y no convertirse únicamente en agentes contratantes del Estado.

Por último, el estudio ofrece un resumen de varias cuestiones fundamentales que seguirán siendo elementos centrales en la participación de las OSC en el ámbito de la prestación de servicios: (i) resultados, la capacidad de las OSC de mejorar su acceso, cobertura, calidad y eficacia en colaboración con el Estado; (ii) la responsabilidad de las OSC en lo concerniente a la prestación de servicios, y la medida en que las OSC responden en mayor grado de sus acciones ante los donantes internacionales que ante los pobres a los que supuestamente deben atender; (iii) la influencia de las tendencias actuales para descentralizar los organismos gubernamentales y el modo en que esto afecta a las OSC; (iv) el dilema entre el compromiso de las OSC en lo tocante a la prestación de servicios y su capacidad de desempeñar un papel más amplio en el desarrollo económico y social, y (v) el potencial de las OSC para ampliar el objetivo central de su trabajo en lo concerniente a la prestación de servicios y para integrar un criterio basado en los derechos.

El estudio concluye con una serie de cuestiones políticas clave para los gobiernos y organizaciones oficiales relacionadas con las OSC y la prestación de servicios.

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Introduction

The purpose of this paper is to provide an overall analysis of the role of civil society organizations (CSOs) in service provision. While the focus is on developing countries, the paper draws on the debates and experiences from industrialized countries where appropriate. In both the developing and industrialized world the most critical issues relating to CSOs in service provision concern accountability, quality and access. However, there are fundamental differences. In the industrialized world, the issue has been how to reform the welfare state by allowing a much greater role for the private and voluntary sectors. Universal social service programmes have been in place in most countries for many years, and reforms focus on how to improve both the efficiency and quality of the services provided. On the other hand, in large parts of the developing world there is often no welfare state to reform. In these contexts governments and CSOs have been struggling to provide minimum basic services to the majority of the population. This paper identifies and analyses the operational lessons that have emerged from the involvement of CSOs in service delivery in developing countries, and draws lessons for the future of the CSO sector in these countries. The discussion is set in the broader framework of global trends on the role of the state in service delivery.

The role of CSOs in service delivery has undergone dramatic change over the last decade, in both developing and industrialized countries. Two major global policy changes have been instrumental in bringing this about.

First, a key policy change by international donors in recent years has been an explicit focus on supporting civil society. This is part of a wider “good government” agenda that has emerged since the wave of democratization that has swept through Eastern Europe, the Former Soviet Union and many developing countries since the late 1980s. As is explained below, one of the consequences of this has been the opening-up of much greater political space for CSOs, and the last decade has seen a proliferation of CSOs as well as a massive increase in donor funding to these organizations in developing and transition countries.

Second, and related to the previous point, the 1980s and 1990s witnessed the emergence of what has been termed the “New Public Management” (NPM) as the dominant paradigm for public sector reform. While this was first introduced in industrialized countries—notably the United Kingdom, United States and New Zealand—in recent years it has increasingly been promoted by the World Bank and other donors in developing countries. A central tenet of NPM has been the contracting-out of public service provision to the private sector, and this was a key influence behind the promotion of structural adjustment programmes by the International Monetary Fund (IMF) in many developing countries in the late 1980s and early 1990s.

Before discussing these trends in more detail, it is important to discuss the use of the term civil society organization in this paper and how it relates to the other commonly used terminology. In this report, CSO is used as a broad, inclusive category that includes any organization that is outside of the state and operates on a non-profit basis. The term CSO includes the non-governmental organizations (NGOs) engaged in development activities, but NGOs are one of
many types of organization that constitute civil society—and the tendency in much of the current debates about civil society to treat them synonymously is an analytical mistake. Civil society constitutes a vast array of associations, including trade unions, professional associations, religious groups, cultural and sports groups and traditional associations, many of which are informal organizations that are not registered. Nonetheless, despite the huge variety of different types of organizations that are found in the developing world, most of the funding from international sources for service provision is channelled through non-governmental organizations. The NGO sector in most developing countries is formally organized and often subject to certain government regulations, and has developed considerable capacity and experience in the delivery of development projects. For this reason, although it is important to keep the terms CSO and NGO analytically distinct, in practice the majority of CSOs involved in service provision are NGOs.

**The Growth of Civil Society**

Donor concern with strengthening civil society in the South is a recent phenomenon. It appears to have emerged from the new policy agenda on good governance that was increasingly promoted by official donors during the 1980s and the early 1990s. As a result of this agenda, Northern donors began to explicitly promote political reform through development cooperation. For some donors this meant advocating policies that limited state interference and reduced corruption in the public sector. There was a particular emphasis on aid recipient countries improving their records on democratic elections, human rights and the rule of law, to name some of the more common areas of reform. Although it would be misleading to assume that all official donors held the same policy, there was a convergence of opinion among them that long-term economic development could not take place without improved systems of government.

The origins of this new agenda can be located in the collapse of communism in Europe and the former Soviet Union, when many countries embraced democratic change. Political liberalization in many parts of Africa and Latin America also reflected growing support for democratic governance. In the post-Cold War era, democracy has been unchallenged as the dominant political ideology. Furthermore, Western governments are no longer willing to overlook corruption and violation of human rights in countries that, during the Cold War, were important strategic allies (Robinson, 1994). The initial focus of the government agenda was on political and administrative reform. The former was primarily concerned with making the state more democratically accountable through multiparty elections, freedom of the press, respect for human rights and the rule of law. The latter included civil service reform, decentralization and anti-corruption measures. The intention of this was to improve the performance of government institutions. Initially this new agenda was concerned with imposing political conditionality in order to put pressure on authoritarian and corrupt regimes to reform; aid was to be made conditional on governments in the South respecting human rights, instituting multiparty elections and reforming state bureaucracy.
However, in practice, the application of political conditionality had only limited success. In many cases donors failed to apply conditionality in a consistent and co-ordinated manner, and multiparty elections did not necessarily guarantee a change or improvement in government (Stokke, 1995). The recognition among donors that the transition toward democratically elected governments did not, in itself, guarantee a more democratic culture led to a more positive approach to the promotion of good governance in the form of support for civil society. The motive given by donors for supporting civil society is essentially that a strong civil society will demand a more democratically accountable and transparent state, and lead to sustainable good governance. In addition, citizen participation is central to the idea of civil society. Thus, civil society brings together both the “good governance” agenda and the concern with participatory approaches to development that became widely accepted in development policy (if not in practice) during the 1980s. The task for donors has been to identify those types of organizations likely to play a key role in civil society and those forms of support that could be directed toward them in order to strengthen their capacity to participate in a vigorous and effective manner (Biekart, 1998; Robinson, 1996; Van Rooy, 1998).

However, many donors have been less explicit about how they define the term, and in many cases support for civil society has simply become a new way of directing funding toward CSOs rather than government agencies, or part of a wider neoliberal agenda that promoted structural adjustment programmes in the 1980s, which called for a minimal role for the state and a strong private sector. Development CSOs in the South are the main recipients of Northern donor support for civil society. In practice most donors have seen support for civil society in the South in terms of directly funding Southern CSOs to undertake service provision. While they recognize that development CSOs are not the only actors in civil society, this has often not been reflected in their funding.

In reality the promotion of civil society on the grounds of democratization has converged with NPM thinking about the public sector that promotes a reduced role for the state in the provision of public services in favour of non-state organizations, both private sector and CSOs. The public sector reforms of the 1980s and 1990s in both developed and developing countries, driven by the neoliberal policies on privatization and reduction in the role of the state, have been the basis of the NPM. The main thrust of NPM has been to reduce high levels of public expenditure, increase the efficiency of public service provision, increase the role of the private sector in public service provision through contracting-out, and reform state bureaucracies by introducing executive agencies, internal competition and performance-related pay. NPM emerged initially in the United States and the United Kingdom but it has probably been taken furthest in New Zealand. More recently, it has been increasingly promoted by donors in developing countries as a solution to poor performance in the public sector (Turner and Hulme, 1997:230–235). In general terms Minogue (1998) has suggested that there have been three main pressures behind the adoption of NPM:

- financial pressure—state bureaucracies were increasingly perceived as having become too large and inefficient and governments have been under pressure to cut expenditure on services;
pressure — from citizens as consumers — on governments to improve the quality of services; and
ideological pressure from dominance of neoliberal thinking regarding the role of the state and market.

One of the main results of NPM has thus been the privatization of public service provision. In many industrialized countries there has been a shift from state provision to contracting-out of services to private companies or voluntary organizations. In industrialized countries such as Britain, these trends have been going on for over a decade. In both the United Kingdom and United States, this reflected the gaining in ascendance of neoliberal policies in which the rolling back of the state was a central principle. However, the last few years have seen a rethinking of the whole issue of service provision. This trend emerged from growing consensus on the need to develop new approaches to service provision based on partnership between the public and private sector. The trend is discussed later in this paper.

A further factor has been the decline of the state in many countries, especially in sub-Saharan Africa. By the mid-1990s, 30 years after the wave of independence across sub-Saharan Africa, most African states had suffered a period of crisis in both capacity and legitimacy. The period of expansion and optimism of the 1960s and 1970s, when the state was seen by nationalists and donors alike as the central mechanism for economic and social development, gave way to a period of decline and withdrawal in the 1980s and 1990s. Although the reasons for this crisis are complex and multifaceted, including both internal and external pressures, undoubtedly the structural adjustment programmes promoted by donors since the early 1980s have had a major impact throughout Africa. Structural adjustment, especially as promoted by the IMF and World Bank, made future loans conditional on NPM reforms of the public sector, notably governments reducing the levels of both public expenditure and their intervention in the economy. These reforms came at a time of economic crisis during which many countries were faced with stagnant economies and increasing national debt. Structural adjustment has had profound effects on the ability of the state to deliver basic services. Government expenditure has been severely cut and the poor have been hit hardest, with government health care, education, agricultural and water supply programmes unable to supply adequate levels of provision.

From this vacuum created by the contraction of the state, CSOs have emerged as major service providers in Africa. This is not an entirely new situation in Africa, but what has changed is the scale of their operations—which have grown both in number and in the size of programmes undertaken. Although CSOs have played a role in service provision in Africa since colonial times—for example, Christian missions provided extensive health care and education programmes during the colonial era—in the post-independence period many states set up national health care, education and agricultural development programmes while CSOs were largely peripheral actors. In some countries, schools and hospitals run by the missions were nationalized and restrictions were placed on the activities of CSOs. However, since the late 1980s, in many countries where the ability of the state to deliver has declined dramatically, CSOs have begun to take over many of the activities previously administered by the government (Semboja and Therkildsen, 1995).
While the decline in state capacity has perhaps been most prominent in Africa, it has also occurred in other parts of the world. The convergence of these three, interlinked developments in developing countries—good governance agenda, NPM and state decline—has resulted in a massive increase in external funding for CSOs. Not only have they been seen as agents of democratization, but also as more efficient and effective than the public sector in providing public services.

The Scale of CSO Involvement in Service Provision

Overview

It could be argued that CSOs are now major players in bringing about social and economic change in many developing and transition countries. The CSO sector throughout the world is vast and highly differentiated, and it is almost impossible to summarize. CSOs cover a broad spectrum of organizations, from huge national NGOs such as Proshika or the Bangladesh Rural Advancement Committee (BRAC) in Bangladesh, which each employ thousands of people and have multimillion-dollar budgets, to small grassroots organizations. CSOs engage in an equally wide range of activities (Anheier and Salamon, 1998). Providing social services has been a critical role that CSOs have traditionally played, both in industrialized and developing countries. However, the key change that has taken place in recent years is that CSOs are no longer just providing services to people that the state has failed to reach, but they are now far more in the mainstream of development activities. Both the scale and the profile of CSO activities have increased greatly in the past decade. Both governments and international donors have given them much more recognition at the national level than may have been the case in the past.

The relationships that exist between national governments and CSOs differ hugely, as does the balance between them in relation to who provides what kinds of services. In some countries, such as India and in much of Latin America, the state has retained its position as the main provider of social services. CSOs are the junior partners but have had an important role in advocating on behalf of local people for improved state services (Robinson and White, 1997). However, there are many other countries, notably in Africa, where CSOs appear to have taken over from the state as the main provider in certain sectors. In some cases there is co-ordination with government policies and programmes, but often CSOs operate with little reference to state providers. The most extreme cases are in countries experiencing complex political emergencies, where the state has collapsed in conflict zones, such as Southern Sudan, Afghanistan and Somalia. In such cases, CSOs, especially international NGOs, are the only providers of social services—notably water supply and health care. It is beyond the scope of this paper to examine service provision in conflict situations, but it should be noted that international NGOs have often been strongly criticized for their failure to build on whatever local structures still exist, and for their insistence on providing and managing themselves the delivery of basic services (Tvelt, 1995; Hanlon, 1991).
**Funding trends**

It is difficult to obtain precise statistics on the actual scale of CSO involvement in service provision in the industrialized and developing worlds. None of the major international annual development reports—for example, by the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC), United Nations Development Programme (UNDP) or the World Bank—contain this information. In terms of international aid transfers, there is also no available data on which comparisons can be made between levels of funding for CSO involvement in service delivery and levels of funding for government services. However, it is possible to show some overall trends in the increase of funding of CSOs, and the statistics put together for a major study by the International NGO Training and Research Centre (INTRAC) on the funding of Southern CSOs by official aid agencies are presented here (INTRAC, 1998). Although these figures do not disaggregate between different CSO areas of expenditure, one of the main findings of the study was that most of the money was spent on service provision rather than on other CSO activities such as advocacy or promoting human rights. The main findings from this study follow:

- The growth in funding to the CSO sector has occurred during a period in which there has been an overall reduction of total aid contributions from OECD countries from $59,610 million in 1992 to $55,114 million in 1996 (Randel and German, 1997). For example, SIDA’s official aid contributions declined from $2,460 million in 1992 to $1,968 million in 1996, representing 0.82 per cent of the gross national product (GNP), nearly its lowest level for 20 years (OECD, 1996; Randel and German, 1997). British aid contributions declined from 0.31 per cent of GNP in 1994 to 0.27 per cent in 1996, and the disbursements of the United States Agency for International Development (USAID) declined during the 1990s, from $11,709 million (or 0.18 per cent of GNP) in 1992 to $9,058 million (or 0.12 per cent of GNP) in 1996 (OECD, 1996; Randel and German, 1997).

- At the same time, the proportion of funds available to CSOs has increased. In total some $6 billion a year has been disbursed through CSOs since 1992. For example, the proportion of funds provided to the CSO sector (private voluntary organizations and Southern NGOs) by USAID increased from $496 million in 1991 to $675.5 million in 1995 (INTRAC, 1998).

- The proportion of funding to the CSO sector in the North has grown. For example, resources to CSOs provided by the United Kingdom’s Department for International Development (DFID) through the Joint Funding Scheme have increased from $44.8 million in 1992/1993 to $57.6 million in 1995/1996 (DFID, 1997) and in 1995 funds provided to Danish NGOs by the Danish International Development Agency (DANIDA) amounted to 16.5 per cent of the bilateral budget. The European Commission began funding European development NGOs in 1976 with an allocation of $2.66 million, and the programme has grown substantially since, reaching $856 million in 1994 (Cox, Healy and Koning, 1997).

- The picture for direct funding to CSOs has also been one of a growing share of the declining total. The Norwegian Agency for Development Cooperation’s disbursement through direct funding rose from $290,000 in 1981 to $14.5 million in 1993. Direct funding was introduced by DANIDA in 1988 and in general has been set at 10 per cent of total aid financing for any individual country. The volume of USAID direct funding has grown from $184 million in 1991 to $307.8 million in 1995. Even the World Bank, which provides the vast majority of its development assistance to governments in the form of loans, has funded CSOs directly through its Emergency Social Funds.

- It is the larger CSOs in the South that have benefited from direct funding. Several bilateral programmes made substantial grants to a limited number of large Southern CSOs. For example, BRAC received $12 million between 1991
and 1993, and the Aga Khan Rural Support Programme in Pakistan received $5.7 million between 1987 and 1991 from DFID. The Canadian International Development Agency has in the past provided substantial grants to support certain larger CSOs in the South directly, from its bilateral programme, one of the first being Proshika in Bangladesh.

Precise data is still patchy, however. There are few, if any, agency or country statements on the level of support to CSOs, particularly in terms of support for their work in providing basic services. However, despite the lack of systematic data, the picture that emerges from the field is that CSOs have effectively consolidated their role in service provision and indeed, in all probability, this may have grown and in some countries now be larger than the state’s. While nationally state budgets may still show a greater volume of resources for the provision of basic services, many of these are concentrated in the larger cities. In many regions of the world where statistics are not collected, CSOs provide the basic services and the state’s involvement is limited to providing the administrative framework in which they are delivered.

**CSOs and Service Delivery: Lessons from Developing Countries**

There is already a substantial body of literature from which to draw lessons on the operational experiences of CSOs in service delivery in developing countries. Of particular importance are a number of recent impact studies of the role of CSOs in development. The main findings of the studies, most of which focus on NGOs, up to 1996, are analysed in the OECD/DAC NGO Evaluation Synthesis Study (Riddell, 1997). Additional reviews of these recent CSO evaluations can be found in Fowler (1999) and Biekart (1998). CSO service delivery projects are the dominant type of CSO activity included in this study. For example, the Danish NGO Impact Study is based on a review of 45 projects in Africa, Asia and Latin America, of which 20 were concerned with delivering social services, 10 with improving income or productive capacity, and 15 with institutional support to civil society (Oakley, 1999). Furthermore, an important study is Robinson and White’s (1997), which analyses the specific role of CSOs in service provision. This study is based on an extensive review of documentation of CSO service provision in the South. It argues that while CSOs play an important role, especially where state provision is weak and the private sector caters to the better off, there are a number of common deficiencies with the services provided by the CSO sector. These include: limited coverage; variable quality; amateurish approach; high staff turnover; lack of effective management systems; poor cost effectiveness; lack of co-ordination; and poor sustainability due to dependence on external assistance. The conclusions of these and other studies are mixed in regard to a number of criteria—reaching the poorest, quality of services, efficiency and cost effectiveness, and sustainability. These and other issues are discussed below.

**Reaching the poorest**

CSOs are widely perceived to be more effective than the public sector at reaching the poorest in developing countries. Indeed, much of the justification for channelling funding through the CSO sector has been on the grounds that they have a better track record. However, recent NGO impact studies and evaluations provide little evidence to suggest that CSOs actually are more effective than governments in reaching the poorest with development assistance. Yet one common, if not
universal, finding was that at least in the area of service provision, CSOs have made significant progress. For example, the OECD/DAC NGO Evaluation Synthesis Study concludes:

Impact on the lives of the poor varied considerably, ranging from ‘significant benefits’ to little evidence of making much difference. However, all agree that even the best projects are insufficient to enable the beneficiaries to escape from poverty. Most NGOs’ projects do reach the poor (but often not the poorest), though analysis of the socio-economic status of the target group and others appears to be rare: most NGOs, not only small ones, appear not to work with any theory or analysis of poverty (Riddell et al., 1997:xi).

The Danish NGO Impact Study, in assessing what impact Danish NGO-supported interventions had on poverty, distinguishes between poverty alleviation and poverty reduction. It finds substantial evidence that service delivery projects aimed at poor people have a significant impact on satisfying the needs of poor people through providing basic health care, education and water supply services. But it finds little evidence to suggest that these efforts can also improve income levels in order to bring about long-term poverty reduction (Oakley, 1999). Similarly Biekart (1998), in his review of NGO impact studies in Central America, notes that while there is little evidence that NGO interventions reduce poverty, they do, nonetheless, generally perform better in the area of delivering services to the poor. However, he concludes that there is still little evidence to say whether or not they are better than the state at delivering services to the poorest and most marginalized groups.

One of the shortcomings of CSO service provision, highlighted by Robinson and White (1997), is that of limited coverage—CSOs may be able to aim service delivery to poor people but the scale of their operations is limited and consequently many people do not benefit from them. Critical issues for CSOs are, first, how to scale-up CSO interventions in order to reach more people and, second, how to improve co-ordination between CSOs and government in service provision. CSOs are notoriously weak on co-ordination. In relation to service provision, however, this is essential to ensure that CSOs do not duplicate each other’s efforts or concentrate all their efforts in the same geographical areas.

**Quality of provision**

The massive increase in the role of CSOs in service provision in recent years raises questions about the capacity of CSOs to deliver high-quality services. However, there is little evidence from developing countries on which a general statement could be made about whether or not CSOs can provide better-quality services than the state. Robinson and White (1997) note that despite a number of studies that draw attention to the shortcomings of state provision in health care, there have been few studies on the quality of health care services provided by CSOs. Green and Matthias (1997) also note that the cases of CSOs providing higher-quality health care than the state are generally due to greater access to resources, not to any intrinsic comparative advantage. They point out that the converse is also true and that when funding levels for CSOs drop, quality levels also tend to fall.

The technical capacity and motivation of staff are also issues critical to the delivery and quality of services. However, again it is difficult to make general comparisons between the state and CSO
sector. One general finding of the OECD study is that CSOs tend to be most successful when undertaking projects in particular sectors or subsectors in which they have built up considerable experience and expertise. They have been less successful in undertaking more broad ranging, complex interventions such as integrated rural development projects. The Danish NGO Impact Study reached similar conclusions, noting that Danish NGOs were in general strong in delivering basic services at the micro level but less successful in more complex development interventions. This related partially to the technical capacity of staff and the study found that many of the Danish NGOs and their partners were not strong on many of the theoretical, methodological and operational aspects of development interventions. However, NGOs with established backgrounds in specialized service delivery projects—such as treatment for the blind or people with leprosy, or school renovation—tended to have strong technical competence in these sectors.

Efficiency and cost effectiveness
A central justification for increasing the involvement of CSOs in service provision is that they are perceived to be more efficient and effective than the state sector. For example, Green and Matthias note that there are four commonly advanced arguments for the greater efficiency of the CSO sector: specialist experience, more appropriate management structures and systems leading to leaner cost structures, sectoral flexibility and staff motivation (1997:54). Yet, on the basis of their research, they question whether there are intrinsic reasons why CSOs are more efficient at providing health care services than the state, and note the importance of a complex range of external and internal factors that need to be analysed before efficiency can be judged.

More generally, there is insufficient evidence that would allow us to draw firm conclusions about the efficiency of CSOs in service provision. The OECD study (Riddell et al., 1997) notes that the cost effectiveness of CSOs is hard to assess systematically due to the lack of data. The only concrete conclusions drawn from the various evaluations reviewed in this study are that CSO projects can be more cost effective because they tend to be small and focused on a single sector. Conversely, large state-run multisector programmes require much higher overheads and are more vulnerable to underperformance. But this conclusion relates to the scale of their respective operations and says little about whether or not CSOs are inherently more efficient. One major problem in judging efficiency is that CSOs do not appear to have analysed or monitored the cost effectiveness of their operations, or explored how efficiency could be improved. This is particularly apparent in the Danish NGO Impact Study, which reports that only one of the 45 projects covered by the study produced substantial evidence on the efficiency of its operations. This made it almost impossible for the Impact Study to make a general assessment of NGO efficiency.

Furthermore, Robinson and White (1997) provide a critical analysis of CSO efficiency in the health care sector. In their extensive review of the literature, they identify a number of common weaknesses in the operational efficiency of CSOs. For example, they cite one detailed study done in Tanzania that found a number of inefficiencies in NGO health care facilities, notably: few outreach facilities; cold storage failures; poor performance of health care workers; low technical efficiency; and employment of untrained or inadequately trained staff (Gilson et al., 1994). Another problem is that the management systems for CSO health care provision are often
weak, with unstable organizational structures and highly personalized leadership. Dependence on external funding and expatriate staff can also create problems of efficiency through lack of continuity and the fact that funding is often available only for limited periods and for specific projects. Robinson and White also comment on the lack of comparative studies of the efficiency of CSO and state-run health care services. One of the few available studies done in India found that the costs of the services provided by the two sectors were in fact broadly similar (Berman and Rose, 1996).

**Sustainability of CSO services**

One of the critical issues facing CSOs is the *sustainability* of service provision. Whereas the state is able to generate a basic level of funding from taxation—however small this may be—CSOs are usually dependent on grants or contracts. There has been increasing pressure from international donors for CSOs to show that their interventions are sustainable. Yet the evidence from the various NGO evaluations and impact studies suggests that CSO projects are rarely sustainable and require long-term funding. While this finding is not surprising, what is worrying is that donor pressure on CSOs to undertake sustainable activities could undermine their ability to target poor people for service provision.

It is in this context that one clear piece of evidence emerging from the studies needs to be placed. It is that financial sustainability is less likely to occur for projects the majority of whose beneficiaries are very poor …. If donors continue to insist that NGO projects will only be funded if they have a chance of achieving financial sustainability, then this will increase pressure on NGOs to veer away from helping the very poorest (Riddell et al., 1997:23).

Similar conclusions were reached by the Danish NGO Impact Study, which found that in some cases DANIDA’s insistence that projects funded by Danish NGOs should be financially sustainable was inconsistent with the poverty focus of their work.

In the social services sector many of the projects are providing services with little prospect of ever being integrated into already resource poor national services—despite valiant efforts to do so. Even when such services consider alternatives such as ‘cost recovery’, they continue to struggle and see the poverty focus of their services affected. There is a lot of very vital work being supported by Danish NGOs in the area of social service delivery that is crucially dependent on their support (Oakley, 1999:53).

In particular, it could be argued that the concept of “cost recovery” is not realistic in most economically marginalized areas, if poor people are not to be excluded from access to basic services. Robinson and White (1997) refer to a number of reports that suggest that the introduction of user fees in health care services can be a disincentive for poor people. However, an exception has been India, where the introduction of a progressive fee structure by CSOs has meant that the poorest people are usually exempted from charges.

To maintain service provision to people with limited resources, unable to pay user fees, CSOs need long-term funding commitments from other sources. However, one key problem with depending on external funding sources is that they are often of limited duration, making it
impossible for CSOs to undertake long-term planning. Such a situation can also result in a loss of independence and potential restrictions imposed by the donor (Green and Matthias, 1997:147). The tension between funding and dependence is a common dilemma for most CSOs and one that is not easy to resolve without major policy shifts in donor-CSO relations.

**Linkages with government provision**

A major conclusion of Robinson and White’s (1997) study was that one of the inherent weaknesses of CSOs is that they are unable to provide an overall framework in which to operate at both national and regional levels. This can only be done by the state. A recent study of CSOs in health care has reinforced this conclusion. Green and Matthias (1997) challenge what they regard as the accepted wisdom that CSOs have a comparative advantage over the state in health care provision. They argue that while some CSOs may have a comparative advantage as individual CSOs, this does not necessarily apply to the CSO sector as a whole. There are many shortcomings of the CSOs sector in health care, the greatest of which is that they are unable to provide clear health care policy and regulation. These are the responsibility of the state. They argue that in the context of increasing privatization of health care, whether by the voluntary or commercial sector, it is imperative that the state provides an overall framework that contains a clear policy on the role of CSOs in health care provision.

Robinson and White (1997) further argue that not only can the state and CSOs complement each other, but that “synergy” can be constructed through developing effective working relationships between them. The key to this is partnership based on utilizing the respective strengths and responsibilities of each party to ensure better service provision. Examples of this include state funding for CSO health care services—such as in India, where the government supports CSOs with grants for the treatment of indigenous peoples, or in Botswana, where the government covers most of the recurring costs of CSO health care facilities—and the state contacting CSOs to implement government-funded community water supply programmes, as in Bolivia. The state needs to ensure that a coherent policy framework is in place and that it provides most of the funding for service provision. CSOs, for their part, can bring creativity, innovation and strong community links that can play a “catalytic” role in improving the delivery of services. CSOs also need to be involved in the policy-making process itself. Developing such relationships depends on a complex range of factors and ought to be a strategic long-term priority for governments, CSOs and donors.

One of the most challenging recent analyses of the interrelationship between the state and civil society organizations in relation to service provision is Tendler’s (1997) study of Ceará State in Northeast Brazil. The core of her argument, based on extensive empirical research, is that good municipal government has been an outcome of a three-way relationship between central government (at the state level), local government (at the municipal level) and civil society. She rejects the “prevailing development wisdom” that assumes that a strong civil society is a prerequisite for good government and argues that central government has played a key role in building the capacity of civil society to demand better local government. On the basis of her research, she suggests that there is no evidence that CSOs are better at providing social services than the state. For example, in relation to a rural public health care programme, the state’s
Department of Health delivered preventative services in a more “decentralized, flexible and ‘client-sympathetic’” manner than any of the CSOs involved in the health care sector in Ceará. Many of the improvements in the state health care programme resulted from learning from both the successes and mistakes of CSO programmes. Tendler concludes that “[t]he NGO experience had provided substantial learning to these public sector health reformers, but not in a way that confirms the assumed inherent traits of NGOs over and against government” (1997:47).

According to Tendler, improvements in local government were dependent on an active central government, not just demands from civil society. For example, with regard to the drought relief programme, the state government took away the powers of mayors to decide where jobs and construction projects would go. This responsibility was transferred to a state representative who imposed strict criteria for funding projects, which virtually stopped projects being used to serve the interests of “local notables”. In the health care sector, the state government took over the hiring and firing of municipality-based health care agents and laid down rules for worker conduct, on the grounds that local officials had used such workers for their own political purposes. While CSOs did play an important role in improving the performance of local government, Tendler argues that central government supported the strengthening of civil society. It did this in three main ways: first, through public information campaigns to inform local citizens of what they should expect from local government in order to better monitor its performance; second, by allowing extension services for agricultural and small businesses to be provided only through producer organizations rather than through individuals or individual companies; and third, by insisting that representatives of civil society participate in municipal-level decision-making bodies.

**Contracting CSOs and sectorwide approaches**

A major trend in the CSO sector over the last decade has been the awarding of contracts to CSOs by governments and international donors for the delivery of services. This is a fundamentally different form of funding relationship than the long-term partnership agreements that Southern CSOs have traditionally had with Northern NGOs. The contract approach is controversial and has had a significant impact on the CSO sector in developing countries.

INTRAC’s Direct Funding Study (1998) examines the impact of official aid funding on Southern CSOs. On one hand, direct funding gave some CSOs the opportunity to specialize, expand and manage large-scale service delivery programmes. Some Peruvian CSO representatives interviewed for the study stressed this aspect. On the other hand, other CSOs claimed that most of the official funds went to organizations that, although registered as CSOs, operated as professional service providers who could out-compete both the state and private enterprise in some areas. Three main concerns about this new funding trend were that:

- these newer CSOs were unwilling to engage in politically controversial issues and had little contact with voluntary, grassroots networks;
- some of the more established CSOs had become much more bureaucratic and professional as a result of undertaking contracts (a concern raised among some CSOs in Peru); and
• this had resulted in their distancing themselves from their original constituencies based on popular support at the grassroots level.

There were similar findings in Kenya and Bangladesh. The study concludes that:

The nature of funding has increasingly shifted away from the provision of grants for activities and ideas developed by NGOs, to the tendering for the contracts to NGOs who are willing to deliver services that aid agencies wish to have provided. The result has been that the shape of the sector has been profoundly distorted, with a rapid growth of NGOs whose purpose is to deliver such services as are required by aid agencies ... The evidence from this study suggests that the shape and nature of civil society has been grossly deformed as a result of the selective funding of particular types of NGO activity (INTRAC, 1998:77).

For example, in the Kenya case study, Osodo notes the same tendency is causing the reduction of “the level of funding to and subsequent diminution of smaller NGOs with less developed capacities as well as those NGOs operating outside the areas of donor preference” (Osodo and Matsvai, 1998). Sobhan (1997) makes the same conclusion in his Bangladesh study, commenting that “a strong NGO sector is not necessarily synonymous with a strong civil society”.

The concern for many CSO activists is that local CSOs are now dependent on undertaking service delivery contracts on behalf of official aid agencies and that this undermines their ability to perform advocacy and campaigning work. While the CSO sector may have grown enormously in terms of size, its independence has been compromised and this has not improved the capacity of CSOs to provide an alternative development agenda for donors and governments.

Another trend in some developing countries is the setting up of national-level programmes for service delivery based on contracting-out to CSOs. The World Bank, for example, promotes this approach to rural water supply in a number of countries. A study of these programmes in Ghana and Nepal was undertaken on behalf of WaterAid and the main findings are reviewed here (Clayton, 1999). In 1994, with support from the World Bank, the Government of Ghana adopted a national policy for the community water and sanitation sector. A major strategy of the new policy is that the private sector is given primary responsibility for implementation. Contracts for implementation are awarded on a competitive bidding basis to the private sector and CSOs. By contrast, the role of the government shifted from that of direct implementer to one of facilitator. The Community Water and Sanitation Agency (CWSA) was established for the implementation of this policy and is responsible for monitoring, evaluating and managing the sector.

In Nepal there is also a national programme for rural water supply involving CSOs. The Rural Water Supply and Sanitation Fund Development Board was created in 1996 with a stated objective of promoting sustainable and cost effective demand-led rural water supply and sanitation services. Rather than directly implementing projects, the Fund Board provides funds for CSOs and communities to undertake rural water and sanitation projects. CSOs engage in competitive bidding for project funds. The WaterAid study identified a number of negative impacts of the contract approach on CSOs involved in rural water supply in Ghana and Nepal.
• First, in both countries CSOs complained about the fact that they were not given an opportunity to engage in policy dialogue and advocacy with the CWSA or Fund Board, but were seen only as implementers. In undertaking contracts to deliver services, CSOs were meeting the policy objectives of donor agencies, rather than developing their own ideas and agendas and seeking funding for them.

• Second, the problem of dependence on contracts was also apparent and raised the question of the sustainability of many CSOs. In both countries, small local CSOs, which were originally set up on a voluntary basis by committed individuals, were now completely absorbed in undertaking contracts for the Fund Board or CWSA. Many found the management procedures to be burdensome and they struggled to fulfil the requirements of their contracts. The current dependence encourages competition between CSOs for contracts, rather than co-operation within the sector.

• Third, CSOs are under pressure to become increasingly professional in order to implement their contracts efficiently, and this has conflicted with their desire to spend time developing close, long-term relationships with communities. It may also make it difficult for CSOs to prioritize the most marginalized people and communities, given the rigid requirements on community cash contributions to the contracts.

• Fourth, a major problem with the contracting approach is that CSOs are given a blueprint that they have to follow for project implementation at the community level. This means that the primary obligation for these CSOs is to deliver all the outputs required by the contract. They are not given the freedom to adapt their approach in response to local situations that are necessary to ensure local ownership and sustainability.

The issue of CSOs undertaking service provision contracts is likely to remain complex. The contract approach provides alternative funding sources to CSOs, has led to overall growth of the sector, has enabled CSOs to play major roles in the implementation of sectoral programmes, and has increased the professional development of the sector. In theory there is no reason why CSOs cannot undertake contracts while at the same time supporting grassroots initiatives and performing advocacy and lobbying work on more politically sensitive issues. However, evidence from the field suggests that in practice this is a difficult balance for CSOs to maintain. Responding to the opportunities provided by contracts and maintaining independence and a critical voice on development issues will continue to be a major challenge for CSOs.

**Using service provision for political influence?**

Service delivery may offer CSOs the opportunity to exert a positive political influence at the local level. The previous section showed that there has been much concern in the CSO sector that the increasing role of CSOs in service provision would lead to a loss of independence and also compromise their position as advocates on behalf of the poor and the marginalized. As noted above, there has been particular unease with the increasing involvement of CSOs in competitive contracting arrangements. Yet an assertion of the political effectiveness of CSO project work, including service delivery, has been made by Charlton and May (1995).

They argue that rather than seeing CSO project work as a purely economic or managerial function, it needs to be seen as a political phenomenon with the potential to be part of the democratization process. It is during the implementation of development projects, such as service provision, when major political struggles over resource allocation take place, rather than at the policy formulation stage. Furthermore, there are more opportunities to foster civic participation in decision making on implementation than in policy formulation. For the
majority of people, policy making is seen as remote, inaccessible and irrelevant to their lives; and the mechanisms for representing the interests of the poor in such processes are weak. Yet it is precisely at the interface between people and decentralized state bodies at the implementation level that NGOs and other organizations in civil society are needed to represent the interests of the poor and facilitate their participation in decision making. Furthermore, Charlton and May argue that NGOs can exert a positive influence through collaboration with government and by setting examples of probity and equity in their own project implementation.

There is currently little evidence to show whether or not CSOs have been able to act as “catalysts” for improved public sector management through engagement with the state at the level of implementation of services. CSOs could certainly explore the potential for political influence at the local level. However, they should also recognize the danger, in some contexts, of undermining local authorities. This is particularly the case in some African countries where international NGOs have funded and implemented much larger programmes than those provided by poorly resourced local authorities, and have been criticized for wielding too much power and influence in the local context (Clayton, 1998).

**Government legislation on CSOs**

One of the positive consequences of the increasing role of CSOs in service provision is the reforming of government legislation concerning CSOs. This is the case especially in countries where the space for CSOs was previously limited or restricted. As CSOs have come to play an increasing role in service provision, governments previously suspicious of them have come to value their contribution. In Egypt there was also a tradition of government distrust and control of CSOs. Yet in response to growing population, urbanization, inequality and unemployment at a time of government cutbacks in spending on service provision, CSOs have stepped in to play a bigger part in service provision. Their role in this respect has been recognized by the government. While this has not yet led to any change in the law, there is a much more sympathetic view of CSOs in official political discourse, and the government has allowed more associations to register and has increased its support to CSOs in service provision, particularly in the health care sector and in programmes directed at people with low incomes (Kandil, 1998). Similarly, in Thailand, where in the past the government restricted CSO activity, there has been a loosening of the government’s attitude toward CSOs. This has come about in response to a policy change that gives a much greater role to CSOs in the provision of health care, education and social welfare for disadvantaged groups (Pongsapich, 1998).

This change of government attitude is clearly reflected in the new NGO policy proposed by the Tanzanian government. While the main purpose of the new policy is to improve and unify legislation covering NGOs, it also shows current government perceptions of the role of NGOs in development. The policy constitutes a major shift in the government’s view of NGOs in that the latter were previously considered unnecessary because the government would provide all the required services at the grassroots level. The new policy states that the government now sees NGOs as partners with a significant role to play in Tanzania’s development. However, the policy also makes clear that the government values NGOs as service providers because they
bring much needed resources and expertise that will support the government’s development efforts (Clayton, 1998).

Overall, it is still not clear to what extent loosened restrictions on CSOs as service providers will bring greater political space for them to engage in policy formulation and advocacy on controversial issues. Governments are generally keen for CSOs to carry part of the burden for service provision, but are less enthusiastic about them taking on a more political role. Nonetheless, in many countries the evidence suggests that CSOs are using their involvement in service delivery to play a political role at both national and local levels. This is clearly a direction in which some CSOs are seeking to move.

**Toward Government-CSO Partnership in Service Provision**

While the previous section highlighted key operational lessons emerging from the practice in developing countries, this one will provide a broader perspective on some of the key policy developments surrounding the role of the state and private sector in recent years. The experiences of privatization in industrialized countries have highlighted a number of problems with NPM, and there has been a questioning of whether or not the privatization of services does indeed lead to improved quality and access. It should be noted that in the industrialized countries, unlike in developing countries, the dominant trend has been that of contracting-out social services to private companies rather than CSOs, although the latter still have a significant role. Clayton and Pontusson (1998), for example, found little systematic evidence on the question of how market oriented reforms of the public sector have affected service quality and equality of access. Davis (1999) notes that while private health and pension insurance help connect individuals with their entitlements, the disadvantages are social exclusivity and increasing risk due to stock fluctuations.

Alternatively, Rein and Wadensjo (1997) argue that there is no certainty that private delivery is more cost effective and efficient, and that focusing on cost detracts from the question of quality. They suggest that the main problem with the market approach is that it removes the redistributive element found in state provision. It creates inequality by excluding the poor and creating geographical imbalance. Again there is the question of choice—while private provision may potentially offer more choice, only certain people are able to benefit from these choices. Choice depends on the ability of people to have access to the necessary resources to benefit. Similarly, Hughes (1998) argues that the privatization of welfare provision ignores social differentiation and that individual consumer interests conflict with the public good. Perhaps of most concern for CSOs is that NPM can lead to social exclusion in that people most in need of help—the weak and marginalized members of society—do not receive adequate levels of support, and that a managerial elite is established that is increasingly distanced from both the users and the providers of services (Mackintosh, 1997). It can also lead to a fragmented service in which there is no consistent policy and the users are unclear as to who is responsible for provision. Furthermore, an NPM focus on efficiency can lead to short-term goals of improved
efficiency while ignoring long-term social and human resource development. Finally, NPM can be politically destabilizing by undermining key state functions (Turner and Hulme, 1997:234).

In response to the perceived shortcomings of NPM in public service provision, there has been much recent thinking on reappraising the relationship between the state and the market. There has also been much talk in the West—notably in the United Kingdom under New Labour and in the United States—of the Third Way, which seeks a new role for the state that rejects both the monolithic socialist state and the minimal state of the New Right. The key concept is that of partnership between the state and the private sector. In relation to service provision, the state retains its central role in policy formulation, regulation and funding, but not necessarily in implementation. For example, in relation to welfare provision, Frank Field (1998) (who was New Labour’s minister responsible for welfare reform, 1997–1998) argues that the state should be the organizer but not necessarily the provider of welfare. There has been growing recognition that the state has an essential role in ensuring both quality of provision and equality of access, and that the market alone cannot provide these.

This critique of NPM, and the exploration of new alternatives, has been most explicit in industrialized countries but is also increasingly recognized by international donors. Even the World Bank, which has been a key advocate of NPM, now recognizes that caution is needed in its application in developing countries. Its critique of NPM is based largely on a recognition—albeit belated—that NPM requires a strong institutional capacity that most developing countries lack.

… [W]hat is feasible in New Zealand may be unworkable in many developing countries. It takes considerable capability and commitment to write and enforce contracts, especially for difficult-to-specify outputs in social services … countries with little capacity to enforce complex contracts, and weak bureaucratic controls to restrain arbitrary behaviour under more flexible management regimes, need to proceed with caution (World Bank, 1997:87).

The World Development Report 1997 represents a major shift in the World Bank’s thinking about the role of the state in development. After over a decade of World Bank criticism of the state, the report admits that the Bank and other donors have gone too far in promoting a model of the minimalist state throughout the developing world. This has led to a fundamental crisis in the effectiveness of the state, threatening social welfare, economic development and political stability. It says that, “state-dominated development has failed, but so will stateless development. Development without an effective state is impossible” (World Bank 1997:25).

The report further sets out an agenda for public sector strengthening and reform in order to make the state more effective. By effective it means, first and foremost, that states get the fundamental, basic tasks of government right: a foundation of law; a benign policy environment, including macroeconomic stability; investment in people and infrastructure; protection of the vulnerable; and protection of the natural environment. Through performing these basic tasks, states can provide an enabling environment for economic and social development, in which both the private and voluntary sectors play vital roles.
Finally, the report recommends a two-part strategy for improving the *effectiveness* of government. First, and more immediately, states need to match their role to their capability and not take on responsibilities for which they have insufficient resources and expertise. States need to focus on getting the fundamental tasks of government right. Second, and more gradually, the capability of a state can be improved and developed through reinvigorating public institutions. This means designing effective rules and restraints to check arbitrary state actions and corruption; subjecting state institutions to greater competition to ensure greater efficiency; improving the performance of state institutions; and making the state more responsive to people’s needs through broader participation and decentralization. While previous World Bank policy advocated an increased role for the market as the key solution to state failure, it would appear that the Bank now recognizes the limits of the private sector and advocates improving the capacity of government rather than reducing its role.

This shift in thinking about the role of the state is echoed by other multilateral and bilateral donors. For example, in the *White Paper on International Development* prepared by the British government in 1997, there is explicit recognition that the promotion of a minimalist state and unregulated market forces had not led to economic growth and poverty alleviation. The paper states:

> There is now an opportunity to create a new synthesis, which builds on the role of the state in facilitating economic growth and benefiting the poor. Both states and markets make good servants but poor masters. We have learned that the virtuous state has a key role to play in supporting economic arrangements that encourage human development, stimulate enterprise and saving and create the environment necessary to mobilize domestic resources and to attract foreign investment (p. 12).

According to the White Paper, the goal of poverty eradication cannot be achieved without the support of national governments. Thus the priority for the UK government’s DFID has been restated as building *partnerships* with governments in developing countries in order to develop national strategies, programmes and expertise for tackling poverty.

In the light of these recent policy statements by donor agencies, CSOs may need to rethink their relationship with the state. Much of the growth of CSOs in the late 1980s and early 1990s has been as a direct result of being favoured by donor policy as the best means of aid delivery. This is no longer the case, and in order to maintain their influence and distinctive contribution to development, CSOs will need to develop clearer policies that result in more effective engagement with the state in service provision.

**Concluding Comments**

The last two decades have seen the emergence of CSOs as major service providers in developing countries. This has been brought about by both policy change and economic realities: (i) the new policy agenda of official donors that has focused on good governance and drawn on NPM approaches to public sector reform; and (ii) structural adjustment policies
combined with economic stagnation in many countries that have seen the decline in state capacity to deliver social services. The "social deficit"—that is, the public investment needed to tackle poverty and unemployment and to provide basic services—is beyond the reach of most developing countries. Yet one lesson emerging from both the developing and industrialized world is that one way forward is via greater state-CSO partnership in the delivery of basic services. Such a lesson was emphasized, for example, at the 1995 World Summit for Social Development. The ideology that promoted the minimal state and market-based solutions to service provision has noticeably receded, and there has been a reappraisal of the essential role of the state. In this situation there would appear to be a number of key opportunities and challenges that face CSOs in developing countries in working in partnership with government.

First, there is the question of performance. Can the access, coverage, quality and efficiency of CSO service delivery be improved by greater partnership with the state? The most obvious advantage of greater CSO-state partnership is coverage. If co-ordination between CSO and state provision is improved, including the state co-ordinating CSO service delivery inputs if CSOs fail to do so themselves, then duplication and concentration in certain areas could be reduced. There is also the potential for improved effectiveness of CSO services if they work within national policy frameworks rather than each following their own ad hoc approaches. In relation to efficiency, one potential advantage for CSOs in greater collaboration with government is from improved economies of scale in medical supplies (Green and Matthias, 1997). Finally, there is also the possibility that improved CSO-government partnership could lead to improved sustainability of CSO service provision programmes. One advantage is that if long-term funding arrangements with the government could be established, such as access to local revenue, CSO programmes would be less dependent on external funding.

Second, CSOs continue to face the complex issue of accountability; when CSOs rather than the state provide basic social services—such as health care, education and water supply—to whom are they accountable? Some CSOs are membership organizations that seek to mutually benefit their members and are directly accountable to them. But the vast majority of social services delivered through CSOs are provided by professional development organizations with self-appointed boards (NGOs). Such boards rarely contain representatives of beneficiary communities but are normally made up of urban-based elites. Thus accountability downward to the beneficiaries of the services is generally weak in the CSO sector. In practice, the strongest form of accountability facing CSOs undertaking service delivery projects is to their international funders in industrialized countries (Polidano and Hulme, 1997).

In many countries CSOs also operate with little accountability to government. As the role of CSOs in service provision has increased, with international donors switching funding from the state to CSO providers, the lack of accountability to the state has become a growing problem (Wood, 1997). Clearly, accountability toward the government can be improved if CSOs work within national policy frameworks and priorities. One of the potential advantages of sectorwide approaches involving CSOs—such as the aforementioned example of rural water supply in Ghana—is that CSOs are linked to a national policy and programme, and their performance in
delivery can be monitored by the state. Furthermore, given the improvements in democratic governance in much of the developing world, state accountability to citizens is also improving. This makes CSO accountability to the state in service delivery an important link between CSOs as providers of services, and citizens as consumers of services.

Third, how can CSOs engage effectively with government at different levels? One of the major directions taken by public sector reforms in many developing countries is decentralization. Decentralized government bodies have increasing responsibility and budgetary control in many areas of service provision. Decentralization processes have been diverse, which means that there is a wide range of government bodies or committees that CSOs may usefully work with. In some countries, the major responsibility for sectoral development may lie with district councils, while in others it lies with the district field offices of line ministries. Thus CSO-government collaboration at the district level will take different forms depending on the structure of decentralized government. Obviously, CSOs need to understand these structures and the linkages between institutions in order to decide which government bodies they should seek to work with or support. A recent study of CSOs and decentralized government in Africa found little evidence of CSOs engaging with decentralized government in any co-ordinated manner (Clayton, 1998). The initiative to collaborate with government is left to individual NGOs. While some NGOs have had constructive working relationships with decentralized government, these tend to be examples of individual NGOs seeking partnerships with particular decentralized government bodies in order to implement sectoral programmes.

However, the dilemma for CSOs is how they see their broader role in social and economic development. There are clearly new opportunities for working in partnership with government in order to improve service delivery. CSOs can play a crucial role in providing good basic services to the poor, influencing sectoral programmes and policy. Those CSOs that have been entirely dependent on grants from external sources have more opportunity to diversify their funding base through seeking service provision contracts from central or local government. But to what extent will the scaling-up of their involvement in delivering services detract CSOs from playing a more critical role in setting development priorities and policies and advocating on behalf of marginalized groups? The evidence suggests that this can indeed be the case and that in many developing countries the CSO sector has been depoliticized as a result.

One of the key challenges for CSOs involved in service delivery is moving from a needs-based approach to a rights-based approach. Rather than simply providing services to meet people’s basic needs, a rights-based approach seeks to strengthen their demands to receive such services from the state. A rights-based approach builds on the growing recognition of the importance of economic, social and cultural rights in addition to civil and political rights. Whether or not the state is the actual provider is less important than the fact that the state responds by ensuring that adequate levels of services are provided. This requires CSOs to work with people in identifying their economic and social rights and advocating on behalf of them in relation to governments and international donors.
A major constraint, however, on the operationalization of a rights-based approach to service provision is the almost complete change of perspective that such an approach would demand. Service provision by definition tends to be undertaken with a strong humanitarian/needs focus, and often eschews broader political issues. Service provision is often dominated by the complex demands of “delivery” that leave little room for broader educational or mobilization activities that might lie at the heart of a rights-based approach. Essentially, the development of rights-based approaches to service delivery is still at an early stage, and there is little conceptual or practical evidence to provide guidance. For example, given the issue of dependence and the clear difficulties with the sustainability of service provision, the recent Danish NGO Impact Study raises the issue of a totally different—and a more rights-based—approach to service delivery projects supported by Danish NGOs (Oakley, 1999). However, it found little evidence that the projects were either strategically prepared or had the right staff to undertake a shift in perspective.

A rights-based approach to service delivery is linked to an emerging trend of building an *advocacy* dimension into project-level work. This is a recent initiative that is seeking to build on advocacy work at the macro and national levels. Research and practice in this dimension of advocacy are still largely in their infancy, but it is an area that INTRAC is already beginning to explore with several Northern NGOs. Ways and means are being examined for discrete, locally focused development projects to be the springboard for advocacy and policy influence at the district or provincial level. In this respect, social service provision projects are at the forefront and initial work is being undertaken to examine how the experiences and lessons of these projects can be used to present policy makers with evidence of actions that need to be considered. More broadly, the research will also examine what role(s) local beneficiaries of these projects could play in advocating for their rights of access to basic services and how such actions could be built into project planning.

CSOs worldwide face complex choices and competing demands in balancing different activities. The key consideration for individual CSOs is where they are likely to have the most *influence*. While there is a need for specialist CSOs with a distinct advocacy role at the national level, for whom undertaking project work would be a distraction, there are many CSOs whose experience, expertise and influence lies in local-level service provision—and such activities need not be any less political than central-level advocacy. The CSO sector as a whole must ensure that both approaches are utilized. The possibility that CSOs can have political influence at the level of implementation of services needs to be explored and may also provide strategic options for CSOs concerned with advocacy work. This is especially the case when the political space for national advocacy work at the policy level is restricted. When political conditions make it difficult for CSOs to undertake national-level advocacy work—with threats of expulsion or deregistration by governments—engagement in local-level advocacy on behalf of poor and marginalized groups through involvement in service delivery may not be regarded with the same hostility.
Key policy issues for governments and official agencies

1. International development agencies need to further study and evaluate the specific role of CSOs in service provision. This should include research on: the overall level of development co-operation that is channelled through CSOs for service provision; the impact of such services; and comparison between services provided by the state and by CSOs. If these actions are not undertaken, policy analysis and advocacy will be based on ideological predilection and anecdote, not substantive evidence.

2. Public authorities should not engage CSOs as service providers until they have a comprehensive understanding of any unintended consequences of this action. This is a complex area and needs careful analysis before actions are undertaken.

3. Governments could support pilot efforts by CSOs and/or joint ventures between CSOs and state service providers to develop and test alternative forms of service delivery. These would rely on CSOs’ inventiveness, flexibility, and proximity to beneficiaries. If successful on a range of criteria (including quality of service, affordability, transparency of operation and efficacy) these pilot projects could be mainstreamed.

4. Governments signing the United Nations Covenant on Economic, Social and Cultural Rights should move quickly and jointly with CSOs to promote awareness of the right of disadvantaged populations to adequate services. This should stimulate stronger demands on the state and create popular movements and legal action to ensure that states recognize their responsibility for basic service provision.
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