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## **State and SSE Partnerships in Social Policy**

*Recent Trends and Implications for  
a New 'Welfare Mix' in Uruguay*

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## **Abstract**

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

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

## **Introduction**

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

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

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

## **SSE as social service deliverer: rationale & limits**

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

So while reality was showing many types of partnerships, a growing literature started dedicating to study the conditions in which these partnerships were taking place, their potential and their limits. A "catalog" of good qualities defended the comparative advantage of SSE over the public administration in the implementation of social policies

and many authors advocated for the benefits of SSE's involvement in social services, specially those oriented to most excluded groups.

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

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

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

In this context, perhaps the most important issue worrying researchers was the new economic dependency of state resources, due to shift in the financial sources of organizations –specially NGOs- that was resulting in a complete predominance of state resources, usually on a regular basis (Kramer, 1981 & 1994; Salamon, 1987 & 1989b; Kramer & Grossman, 1987).

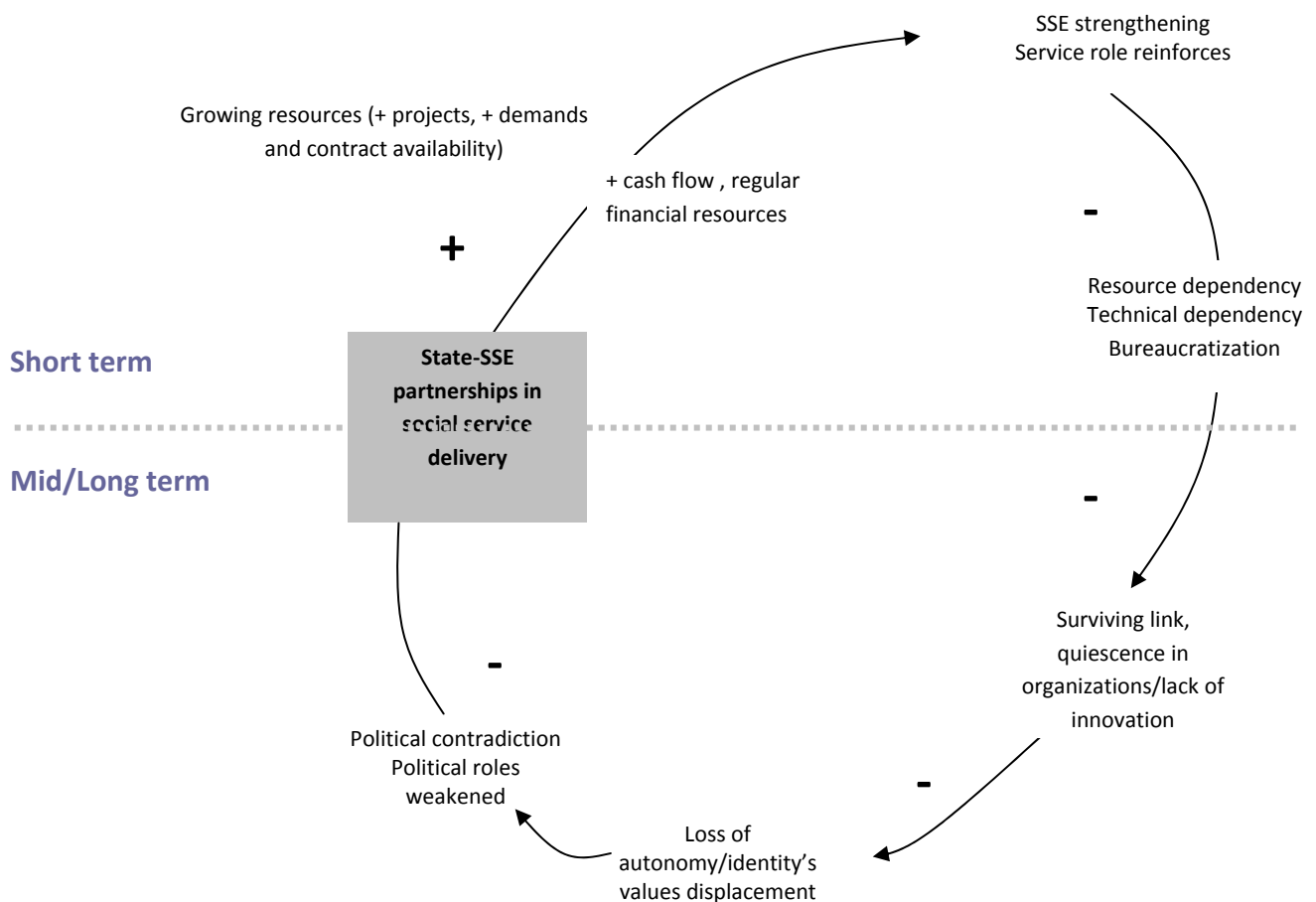
From their point of view, this ‘surviving link’ could produce an asymmetric relationship, technical dependence of the SSE from the state (Smith & Lipsky, 1989: 626), co-optation and quiescence in SSE organizations (Wolch, 1990: 215). For some other authors, there was even a potential threat to the sector's autonomy and ultimately, its identity, strongly related to the idea of an independent, innovative sector from the state and the market (Gronbjerg, 1993: 261). In a way, the advocacy and questioning role of some SSE actors

could be undermined because of an overgrowth of the productive role in the context of contracting-out and other types of collaborative partnerships (Alexander, Nank & Stivers, 1999: 460).

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

Figure 1 represents graphically the main elements of this debate:

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



Source: Author's elaboration.

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

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

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

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

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

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

Immediately after the creation of the Plan, INAU created a special office to regulate and manage the agreements with the organizations that implemented the services. At the same time, other INAU policies and new programs started operating basing on the logic of a

stable collaboration with SSE organizations. The main features of this logic were: (i) a methodological specification of the service that was to be provided, (ii) financing of the 100% of the service costs (iii) technical specifications of the personnel that should work in the service, (iv) renewable contracts, usually yearly but with a high stability, (v) regular administrative controls to the organizations, (vi) competition process for assigning contracts (Midaglia, 2000; Rossel, 2008).

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

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

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

Among public administration officers there were also different opinions. Those who

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