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**Topic : State-Civil Society Relationships :
Building Public-Private Sector Partnerships**

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INTRODUCTION

The last few decades have witnessed a mushrooming of non-governmental organisations, many extensive in their international operations, playing a significant role in public policy-making, development debates and service delivery. The nature and role of NGO's vary enormously from country to country and in scope, quality and impact.

The number of NGO's with a development agenda, operating in the OECD countries has increased dramatically, from approximately 1,600 in 1980 to 2,970 in 1993, with their total expenditure rising from US\$ 5,7 billion over the same period. Similar growth patterns were experienced in developing countries, eg. An increase from 220 to 1,210 NGO's in Nepal between 1990 and 1993 alone, and from 1,886 to 5,186 in Tunisia between 1988 and 1991 (Hulme & Edwards, 1997 : 4).

Equally, the size and reach of NGO's have reached considerable proportions. The Bangladesh Rural Advancement Committee employed 12,000 staff in 1993 and the Self-Employed Women's Association in India had over 1 million clients in their credit programmes, while the operations of Sarvodaya in Sri Lanka reaches over 7,000 villages with a volunteer corps of over 10,000 (Hulme & Edwards, 1997 : 5). The programmes of smaller international NGO's like Freedom from Hunger and World Relief by now reach in excess of 8,940 and 11,772 recipients respectively. (Dichter, 1997 : 136).

THEORETICAL DEBATES ON STATE-CIVIL SOCIETY RELATIONS

The debate on civil society and the role of NGO's over the last decade has positioned polar, at times antagonistic relations between the state and civil society. Emanating from the neo-Gramscian literature of the of the 1980s, the role of the state was perceived as 'hegemony protected by the armour of coercion', and civil society was perceived to be the bearer of democratisation and the agent of setting limits on state power (Buci-Glucksmann, 1980). A robust civil society, it has been articulated, constitutes an essential pillar of a mature liberal democracy. Moreover, NGO's are viewed as the representatives of diverse and sectoral interest groups and their role is seen to widen access and public participation in public institutions and processes.

The polarised conception of state-civil relations has been challenged in the more recent literature on the development state. Whilst NGO's perform useful agency functions in society, their scope are limited in that they are more often dependant on donor funding, their role is confined to sectoral interest and hence they cannot assume an overarching developmental role, and often they lack the necessary capability to assume both a development and democratisation role. In short, NGO's can serve primarily as complementary or as a check on government, they cannot replace or assume the overarching functions of the state as the agent of development of society as a whole, the mediator of sectoral and class interests, the facilitator of civic relations and the guarantor of individual rights in the case of democratic systems (see Putnam, 1993 ; Evans, 1995, 1996 ; Tandler, 1997).

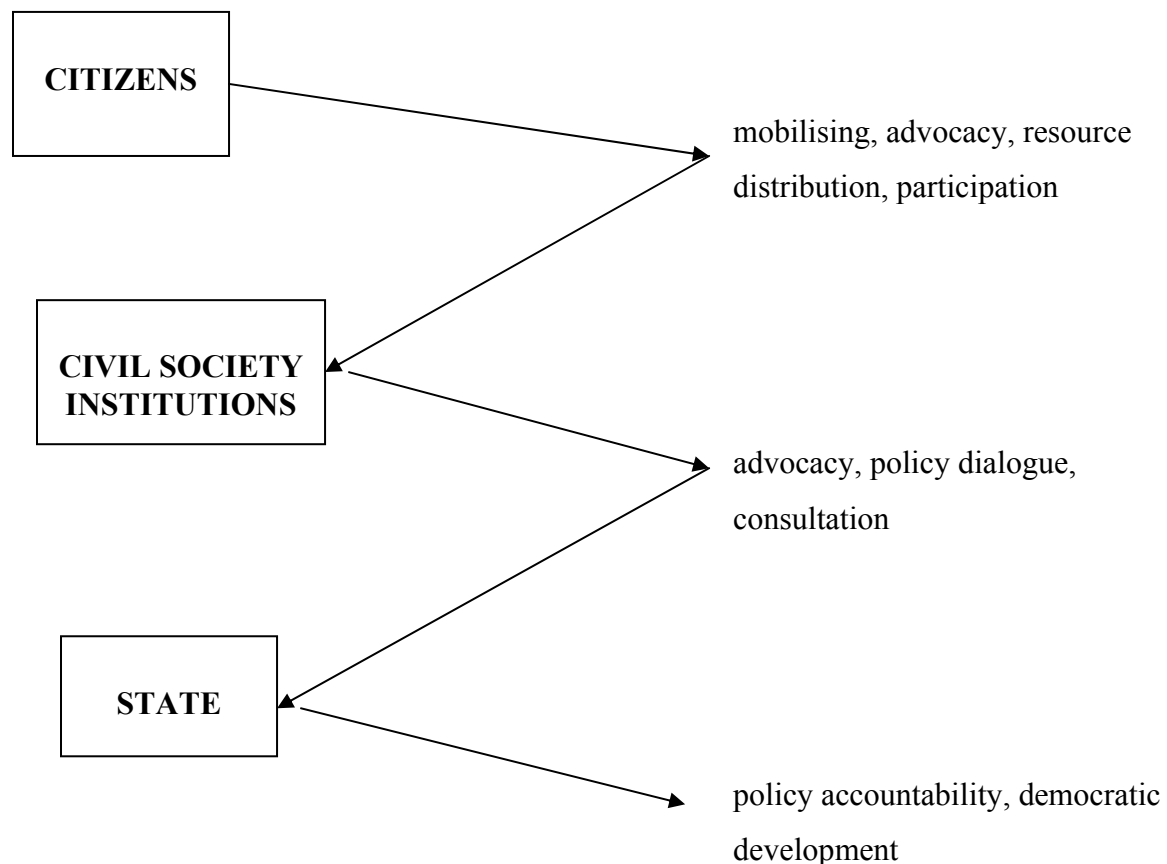
The deterministic literature on path dependency (Putnam, 1993), by focusing on the structural conditions and impediments to developments to development, vested in low levels of economic growth, high levels of poverty and inequality, poor infrastructure and inequality in the global system of development, have foreclosed careful scrutiny of a potential, mutually beneficial, state-civil society relationship and a potential activist role for the state in development.

Revisiting the role of the development state in recent debates have however, posed a more challenging role for NGO's as agents of delivery and development in public-private partnerships. Effective public-private sector partnerships and robust institutions of civil society can in effect contribute to good governance and economic growth. The social constructionist literature have established a relation between conditions of rapid economic growth and industrialisation, and deeply embedded networks of civic relations whereby the state performs an active supportive role in creating enabling conditions for private and community capital accumulation (see Evans, 1995 ; Samatar, 1998). This new literature has centred the role of the state, but unlike the earlier state interventionist theories, which posited a strong, highly interventionist role for the state, but asks also about the class, development and social context, as well as the fabric of civic culture and state-civil society relations. In successful public-private co-operative ventures state and community leaders forged equitable relations in infrastructure development and other production ventures, which transcended ordinary relations of subsidisation or clientilism. Thus both a synergy, as well as a division of

labour, was forged between state and civil society agents around common projects and common goals, with the rules of the partnership apportioned in equal shares of responsibility and gain (see Tendler, 1997).

An interesting characterisation of the role of NGO's and hence the potential for public-private sector partnerships rests on the distinction between market-based and society-based institutions. Many NGO's have become credit agencies and move capital between large financial enterprises and small entrepreneurs, whilst others operate in the terrain of poverty alleviation through distributing food relief for example. NGO's constitute an important vehicle for bilateral aid where governments are reluctant to channel assistance directly to other governments.

The nexus of state-society-civil society relations can be graphically demonstrated as follows :



AREAS OF PUBLIC-PRIVATE PARTNERSHIPS

1. OUTSOURCING GOVERNMENT FUNCTIONS : The shift from supply-side to demand-side operations.

NGO's can become effective agents of service delivery. This requires that NGO's align their institutions with a greater market orientation, state of the art information and communication systems and the requisite technical and operational skills. Where civil society institutions perform government functions on an agency basis, sound financial management, project management skills and public accountability is required. The success of income-generation, micro-credit programmes depend heavily on their competitiveness in the market place.

The privatisation of state functions can assume a number of modalities, including the creation of public contractors, non-profit community based organisations, as well as empowering previously disadvantaged private entrepreneurs. The outsourcing of World Bank projects between 1973-1988 is indicative of this potential mix of delivery agencies :

TABLE 1 : WORLD BANK PROJECTS

SECTOR	PUBLIC-PRIVATE CONTINUUM				
	Community Association	Policy Advocacy	Service Provider	Contractor	Co-operative
Agriculture	26	6	30	19	38
Education	2	0	8	10	0
Health	8	0	21	4	2
Industry	0	3	5	13	2
Infrastructure	3	2	20	22	2
Relief	3	1	4	0	1
TOTAL	42	12	88	68	45
%	19	6	40	31	21

Source : Robinson, 1997 : 66.

In the case of the Janasaviya Food programme in Sri Lanka, government attempted to soften the impact of structural adjustment through a mixture of strategies, including subsidising food programmes, financing self-employment projects and initiating state and community enterprises to channel development aid. (Wanigaratne, 1997 : 217).

Civil society institutions can play a vital role in development planning, and by becoming a vehicle for mixed modes of economic empowerment, privatisation and liberalisation of state activities, they can inadvertently be mainstreamed in the social and economic reorganisation of everyday life (Feldman, 1997).

2. PARTICIPATORY DEVELOPMENT :

Grassroots development agencies can become useful vehicles and voices of the state's development agenda. Institutions of civil society should however, not only be seen as delivery agents for development programmes, but play an important role in the deepening and consolidation of participative democracy. By representing diverse sectoral interests, NGO's can play a major role in public accountability and good governance. Conversely, an interest in a strong civil society on the part of the state can greatly enhance the legitimacy of state policy and programmes. Further critical dimensions of participatory development include the benefits of establishing a partnership around consultation and co-ordination. Despite the rhetoric that NGO's are positioned as the polar opposite of government in identities which are grassroots and flexible, as opposed to the government's rigid bureaucratic nature and its distance from 'the people', complex linkages between the two nevertheless abound in real terms (see Streeten, 1997). These linkages include :

- The link between and impact of government macro-economic policy on NGO projects ;
- The mutual dependence between state and NGO's in delivering parts of the development chain ;
- The dependence on government aid (albeit domestic or foreign) to deliver development programmes on the part of the NGO's, and inversely the dependence on NGO's as agents of delivery on the part of domestic governments, especially in relation to bilateral or multilateral aid ;

- The importance of NGO's as a vehicle of participation and expression in public policy-making processes.

3. THE NEW POLICY AGENDA

The impact of globalisation and the hegemony of market forces in the global arena, has created the space for the emergence of a New Policy Agenda, which in turn creates opportunities and spaces, as well as dilemmas, for public-private partnerships. The New Policy Agenda is underpinned by a market-centred approach to social organisation and economic development. The New Policy Agenda is a tacit consensus among the international donor community in establishing relations between Northern and Southern inter-governmental and NGO agencies. The New Policy Agenda underscores the importance of market forces, a reduction in the role and size of the state, efficiency in the utilisation of government resources and the need for good governance in low and middle-income countries.

The shift from the state to market forces has created opportunities for NGO's to operate as public service contractors, with donor aid being channelled to the NGO sector. The dilemma this brings is that these programmes cannot replace the state's overarching development responsibility nor can it substitute for state programmes. A development state cannot abrogate its responsibility to ameliorate and cushion the effects of economic hardships among the most vulnerable through food security programmes. At best pluralist development agency efforts add value to the chain of development, but full-scale industrialisation and development requires a concerted integrated development strategy, with a legitimate state at its epi-centre, supported by civil society institutions, agencies and actors.

4. SUSTAINABILITY IN DEVELOPMENT

The modalities of an effective public-private sector partnership in development require a relationship of mutual trust between the state and civil society institutions, as well as legitimacy among the constituencies represented. In this regard the ambiguous often tenuous relationship between state and NGO's have far too often been characterised by suspicion, with NGO's posturing as opposition to government, being charged with peddling international donor agendas against domestic interest and interference with the state's development and/or

foreign policy agenda, as well as impeding and duplicating the state's development efforts. The lack of expertise, mismanagement of funds, often inflated salary and fringe benefit packages of NGO executives operating poverty relief and development programmes, wastage of resources that seldom reach the intended beneficiaries, have all contributed to a degree of cynicism of NGO activities, especially where they are not organically rooted among the grassroots population. These conditions have often prompted government's to institute control over the NGO sector by regulating its activities and public accountability, whereby non-profit organisations must be registered and submit their accounts to a regulating body. The dilemma for government remains the tension between establishing transparency, good governance and public accountability among civil society institutions on the one hand, and allowing freedom of association, autonomy and public critique among those same institutions on the other hand.

For sustainable development to take place, which will have a lasting socio-economic impact, state and civil society development programmes need to be co-ordinated to prevent distortions in national development plans. The duplication of development efforts need to be addressed to avoid a wastage of scarce resources and creative public-private partnerships must be established to meet the needs of effective service delivery to the most vulnerable in society. Sustainable development requires a consistent and integrated national development agenda which transcends charity, hand-outs and welfarism, and pursues community empowerment through co-ownership and share-holding of development enterprises. This in turn involves the micro-financing of co-operatives and micro-enterprises, as well as incentives for employee ownership of development enterprises (see Fernando & Heston, 1997).

Sustainable development must address the debates around the trade-offs between growth versus redistribution, the choices of trade-offs between capital-intensive productivity and full employment production systems, it must provide a safety net for the most vulnerable and the poor in society and improve the material well-being of citizens in society through economic empowerment. In societies plagued by high levels of inequality and impoverishment the challenge of a massive social investment in the creation of knowledge, the reconstruction of social or human capital and networks of mutuality self-reliance can only be met through strong alliances between state and civil society :

“social capital is formed by making some who are part of the state apparatus more thoroughly part of the communities in which they work. The networks of trust and collaboration that are created span the public-private boundary and bind state and civil society together. Social capital inheres, not only just in civil society, but in an enduring set of relationships that span the public-private divide”. (Evans, 1996 : 1121)

C O N C L U S I O N

The strength of civil society institutions is indicative of a robust democracy. However, the NGO sector is not necessarily the panacea of all development ills. Civil society is inherently diverse and class based and NGO’s can operate in a paternalistic ‘hand-out’ mode, can be ridden with mismanagement and inefficiency, and can divert a great deal of development resources to lucrative employment benefits for a few.

The success of harnessing effective public-private sector partnerships for development hinges on a number of factors :

- the size of the bundle of development resources
- the ability of development agencies (state & NGO) to reach the grassroots poor
- the capacity for innovation and problem solving amongst development actors
- the legitimacy of development agencies (both state and civil society)
- the representation of intended ‘beneficiaries’ in development programmes
- the extent of empowerment and transfer of sustainable development skills.

The relationship between state and civic organisation remains ambiguous and tenuous. Whilst civil society institutions need to remain both autonomous and a critical conscience of state policies, they can also serve as important allies in widening or deepening democracy. To establish an effective public-private sector partnership requires a common development and consultative agenda.

Finally, the continued conditions of poverty, inequality and material deprivation in low and middle income societies prompts us to revisit the debate on state-civil society relations, especially in relation to conditions conducive to economic democracy. The imperatives of development in highly unequal societies demands a democratic state, which is strong, cohesive and extended in its development reach, committed to a clear, coherent development agenda ; a notion which rests uncomfortably with the values of plural liberal democracy. There needs to be a mutual recognition that democratically elected governments are the integral source of legitimate power and authority and that NGO's are the bearers of democratic expression by articulating the aspirations of the silent and marginalized. The golden thread between the polar dangers of co-optation versus irrelevance lies in legitimising the role of civil society institutions in the process of economic and democratic empowerment. Effective development requires sustainable public-private partnerships and constructive relations between state and civil society, premised on relations of trust, mutual benefit, public accountability, participation and legitimate representation.

The 1970s and early 1980s debates which spun the 'myth of the interventionist state' in development and which gave way in the late 1980s and early to mid-1990s to the 'myth of the market', needs to be super-seeded by a new myth-making : ie, the 'myth of state-market-civil society', premised on a network of deeply embedded relations between the state, the private sector and civil society, in a cohesive attempt to kick-start economic growth and redistribution.

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