NGO Social Service Providers facing the Challenges of the Future

Solidar member organisations working in the light of increasing competition, organisational development, quality management
SOLIDAR is an international alliance of social and economic justice non-governmental organisations (NGOs) working in development and humanitarian aid, social policy, social service provision and life-long learning. SOLIDAR works in Europe and in over 100 countries worldwide in alliance with trade unions and civil society for an equitable and sustainable world.

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Text and editing: Katrin Hugendubel
Responsible Editor: Conny Reuter

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**Introduction**

The world around us is changing. Demographic change, the global economy, the need to modernise and cut costs - these buzzwords dominate the debates on the future of European welfare states. What does that mean for people in Europe? What kind of societal model are we currently constructing for the European Union? Solidar and its member organisations believe that the challenge we are facing today is how to reconcile the need to build prosperous and competitive societies whilst ensuring that the people in Europe have adequate social protection in a rapidly changing world and that the fundamental rights of all people are ensured.

Social services are a core element of all European social systems. They contribute to social inclusion and cohesion, and to the implementation of fundamental rights of individual users, both key objectives of social protection systems.

NGOs are an important actor for social inclusive and cohesive societies in Europe and worldwide. As membership organisations they form networks that give millions of people throughout Europe a voice in political processes on local, regional, national and European level. As service providers, they provide integrated services close to the people. Their value base as well as the fact that their motivation is general interest driven rather than based on the objective of profit making make their services unique.

The models of social, care and educational service provision throughout Europe are as varied as the welfare systems in the EU. What is striking however is that the challenges identified by Solidar member organisations in different member states are very much along the same line: demographic and societal change, increased mobility of users and providers, growing cost pressure, the changing role of the state, growing competition, increased use of tendering procedures etc. NGOs as service providers are more and more seen as actors in public-private partnership, part of the so-called new public management, with the rise of markets and quasi-markets in areas that have hitherto been part of the welfare state leading to overall changed framework conditions for NGOs. These trends of ‘modernisation’ or marketisation force NGO service providers to adapt.

On the other hand, one can witness a (re)discovery of civil society. The growing awareness of policy makers and scholars that the very social fabric of society is changing goes hand in hand with a recognition of the third sector as a panacea to counteract social isolation and the negative impact of individualism. Social capital produced by NGOs is seen as a glue of modern, highly diverse societies.

Does the emphasis on service provision under new public management come at the expense of the second function of NGOs, that of being a lively membership organisation, encouraging civic engagement and thereby creating a sense of belonging and social trust?

This booklet analyses the challenges for social, care and educational service provision throughout the EU and takes a closer look at how Solidar member organisations position themselves as membership organisations and not-for-profit service providers in times of change.

Over the last two years Solidar member organisations carried out three workshops that allow a thorough consultation on the challenges they face and the responses
they have developed as well as how to modernise the services they offer, taking a proactive stance in shaping the future of social service provision in the European Union. The unequivocal conclusion of Solidar members is that they are not against the principle of liberalising social and educational services of general interest on a European level, but that they believe that the right conditions must be put in place and that this must be done in a way which suits the specific characteristics of the not for profit social and educational services sector.

Solidar member organisations are committed to work for conditions in Europe that will allow them also in the future to act as NGO not for-profit providers in the EU internal market and fulfilling all facets of their function for more inclusive and cohesive societies in Europe.

SOS Europe logo
Solidar members – NGOs encouraging civic engagement and providers of social, care and educational services

Solidar members are civic movements and service providers at the same time. They are organisations with a long tradition rooted in the worker’s movement in many countries all over Europe. As civic movements they contribute to social cohesion of local communities and encourage civic engagement, as well as mobilise social capital. They form platforms in which people organise themselves on local, regional, national and European level in order to be an active part of the society they live in. These platforms furthermore encourage the organisation of volunteer activities, which are an important contribution to a cohesive society. A third important element is the role NGOs providing services play as employers in a quickly growing services sector.

As service providers the members of Solidar are organising efficient and high-quality social, care and educational services of general interest that are accessible for all, affordable, reliable, continuously provided and transparent, including old people’s homes, ambulance services, daycare centers for elderly and disabled, children's holidays, adult education, advice services and support for migrants, asylum seekers, offenders and many other socially excluded groups. The users of our services are at the same time clients and partners in the provision of the service. Participation is one of the key principles of our work. They serve to create social capital and thus the promotion of civil commitment.

The status of the solidar member organisations differs according to the welfare system of their respective member state. While some are mandated by the state to provide social, care and educational services, others are filling gaps by providing services where the state has withdrawn from its responsibility, while again others, currently mainly in the former communist countries of Eastern Europe, are pioneering in developing service schemes that don’t exist yet and work towards a recognition of their work by local, regional and national authorities. In many countries, NGOs fulfill more than one of these functions and work under different status in different areas.

Foto 1
SOLIDAR MEMBERS CREATE SPACES FOR EXCHANGE AND REFLECTION TO FORGE RESPECT BETWEEN PEOPLE, THROUGH LINKING UP VOLUNTEERS WITH PEOPLE FROM A GIVEN TARGET GROUP TO INVOLVE THEM IN COMMUNITY LIFE. GUIDING PRINCIPLES ARE RESPECT FOR THE UNIQUE NATURE OF EVERY HUMAN BEING AND FOR ALL INDIVIDUALS’ RIGHTS TO LIVE THEIR LIFE FREELY.
CHALLENGES

Challenges call for new strategies and solutions. It is important to stress that Solidar members don’t view the below listed developments as threats but as chances. In partnership with NGOs, new innovative solutions for the 21st century can be developed.

The consequences of demographic and societal changes

Demographic change in Europe will change the need and demand for social and care services in Europe. Changes in family situations, changes in the labour market and to job structures increase the need for professional social and care services. Facing the challenge of securing social security systems for the future and finding new work-life balances, NGOs providing social and care services are an important partner in developing innovative solutions.

Increased mobility of users and providers

Increased cross-border mobility of providers of services and their staff raises questions of standards for staff qualifications, as well as about the recognition of the special nature of not-for-profit providers. While many countries fear an undermining of their qualification levels, others, especially Eastern European countries fear a brain drain of care staff.

Increased user mobility on the other hand calls for a clarification of access to social benefits and social rights across the EU. Lacking protection of migrant workers easily leads to new forms of social exclusion that creates a new user group of social and care services, providers need to respond to.

Less money for social services in Europe

Over the last years, NGOs all over Europe have witnessed considerable cuts in public spending. They have faced cutbacks and reductions to their services. NGO service providers today operate in a context of growing competition between different providers (NGOs, private for profit providers). Closely connected with this trend is the phenomenon of commercialisation.

Commercialisation means that in competition with for-profit enterprises, also not-for-profit providers become more commercial in a broad number of fields such as social services, health care, educational and culture services. Commercialisation is marked by shifts in revenue structures, rise of financial and revenue management, the rise of nonprofit marketing and branding. All these developments risk leading to a cultural change within the organisations.

Increased tendering

The idea behind the buzzword ‘New public management’, is that less state involvement leads to less bureaucracy, increased flexibility and finally greater efficiency. In all European countries, more and more services are subject to tendering procedures. Tendering is supposed to create more competition, and as a consequence raise the quality and the choice for users, while at the same time lowering the prices. If tendering procedures in the social sector has these positive effects is yet to be seen.
One problem with tendering procedures for example is that very often the experience of public administration in the area of social services is very weak. As a rule, there is little or no awareness of the needs and specificities of the sector and the services provided. In addition, all Solidar members have experienced increased paperwork in the last few years, manifold bureaucratic requirements for applications, reporting etc. These increased requirements bind a lot of valuable resources of organisations, which is especially difficult for small NGOs.

Furthermore, tendering might risk violating the right of the user to choose the provider (e.g. guaranteed in German social law), as the service provision as the result of a public procurement procedure and selection based on a tender is only given to one organisation. Small NGOs face difficulties as small operating units risk seeming uneconomical. In the long run, tendering decisions might lead to concentration processes and oligopolies in a region, as especially small organisations might have problems ensuring their survival if not having won a tendering twice in a row. Public procurement procedures also change the traditional type of relation between state agencies and NGOs, e.g. in Germany from cooperation to regulation of competition.

**Quantifying added value**

Tendering procedures mean competition for the best offer at the lowest price. In social, care and educational service provision however aspects of prevention and sustainability need to be taken into account, as well as their overall contribution to social inclusion and social cohesion in a society. How to calculate social prevention, as the costs would only arise in case the prevention wouldn’t be taken care of? The possible positive effects can only be proved once it is too late. The added value of volunteering is also very hard to quantify and in economic terms sometimes seen as cheap labour – a misconception of the important added value of volunteering. How to calculate the contribution of volunteers in a business model?

**Foto 2**

*SOLIDAR MEMBERS PROVIDE TAILOR-MADE ASSISTANCE TO ENABLE TO LIVE A LARGELY INDEPENDENT LIFE THE PROVISION OF CARE SERVICES IS AN IMPORTANT ELEMENT OF ENSURING EQUALITY AND ANTI-DISCRIMINATION IN ALL AREAS OF LIFE.*
ADDED VALUE

The added value of NGOs delivering social service is the large number of members which make the NGOs society based; the involvement of volunteers, working next to professional staff, that make NGOs civic-duty based; a social and cultural background (tradition of solidarity, human rights and links with the trade unions), that make NGOs value-based; and their independent position vis-à-vis government politics and enterprises.

Not-for-profit

On top of that, the unique selling point of NGO service providers is their not-for-profit nature. Every economic activity aims at generating profits, but in the case of the third sector all profit the organisations makes is reinvested in the organisation, i.e. the profits are socially bound. NGOs are needs orientated rather than profit making orientated in designing the services they provide. Transparent structures and accounting systems allow all Solidar members to make this criterion a liable feature.

Value management

NGO social service providers are a different kind of entrepreneur. One claimed difference between NGO service providers and other providers (private, state) is that the consumer/user can judge them not only on quality and price criteria, but above that on the basis of a certain amount of acknowledgement by government and politics and a recognisable identity. Therefore, the surplus of NGO service providers in competition with other service providers is not in the field of the primary aspects of service provision which are usually a mix of quality and price, but lies in the added value mentioned above, which in essence means creating a bridge between economy and identity. This identity translates into the nature of the services and the method of their provision. This added value can be made transparent to users, other providers and state authorities through clear and binding mission statements, as well as quality management systems and certification.

More than providing services

Solidar members are national networks of organisations bringing together millions of members, organising themselves to play an active role in society, raising awareness for the problems of people through advocacy and lobbying work, while at the same time providing services that help people in difficult situations throughout their lives. The combination of the three functions of service provision, membership and advocacy work, together with their not-for-profit nature of the service provision, is the difference that makes the difference compared to for-profit services providers and from purely advocacy groups.
The organisations are contributing to social cohesion and social inclusion in different ways according to the three functions:

- **Service provider** by providing social, care and educational services helping people in difficult life situations, working against discrimination and social exclusion.
- **Membership organisation** by forming platforms in which people organise themselves on local, regional, national and European level in order to be an active part of the society they live in. These platforms furthermore encourage the organisation of volunteer activities, which are an important contribution to a cohesive society.
- **Political advocate** by advocating for their members and user groups in the political debates on local, regional and national level.

As service providers NGOs also increasingly play an important role as employers. The service providing sector is one of the fastest growing sectors in Europe, and the economic importance of the third sector is significant, with 5% growth rates annually in some countries.

On the other hand the multiple functions and the involvement of different actors on different levels create complex structures which are challenged in times of change. A decrease in membership for example can call the balance of the three functions in question, as can the increased need for professionalisation in the service provision part of the organisations.

**Organisational development – adapting to changing circumstances**

The models of civil society and service provision differ throughout Europe, as does the speed of the so-called trend for modernisation. In Sweden for example some NGOs have for a long time been providing services, but didn’t see themselves as service providers but as saw themselves as a democratic voice for their members. Recently these NGOs more and more feel the pressure to adapt their self-image and accept to see themselves also as service providers. In other countries organisations struggle to preserve the perception of themselves as combining civic engagement and service provision. Increased pressure of competition and a professionalisation of service provision often force them to adapt entrepreneurial models.

Current challenges call for organisational development. In an increasingly entrepreneurial environment, Solidar member organisations need to develop structures that are flexible enough to respond quickly to new circumstances, ensure high quality and be innovative. At the same time they need to preserve being membership organisations, bringing people together on a clear value basis and a
democratic structure, staying a credible partner in advocacy and lobbying work. The link between the service providing arm of the organisation and the membership structure and strong value base needs to be ensured.

**Foto 3**

SOLIDAR MEMBERS PROVIDE EMPLOYMENT OPPORTUNITIES FOR EVERYONE AND SUPPORT PEOPLE TO CLAIM THEIR RIGHTS. They at the SOCIAL INCLUSION OF MARGINALISED PEOPLE IN ALL AREAS OF LIFE INCLUDING THE LABOUR MARKET, BY UPHOLDING PEOPLE’S DIGNITY AND ELIMINATING DISCRIMINATORY BARRIERS.
NGO social, care and educational service provision for a more social Europe in the future!

1. **Social services are a key instrument of social policy and a cornerstone of social protection systems, complementing cash, tax and in-kind benefits.** They contribute to achieving goals of interest to society as a whole: social and economic cohesion, a high level of employment and social protection, equality between women and men, non-discrimination, raising of the standard of living and quality of life, combating of exclusion, and guarantee the implementation of fundamental rights for all.

2. **Social services are regulated through specific regulatory frameworks, which take into account their particular features,** whether they are provided by public authorities or public utility organisations, private voluntary/non-profit organisations, or by private for-profit companies. Providers of social services generally have a clear legal status and may benefit from specific financial/fiscal treatment.

3. **What is needed in future is legislation that will ensure that the specificities of social, educational and health care services and their role for our societies are respected and fostered.** EU internal market rules and competition law have already significant consequences on the provision of these services. Fair competition rules need to be set in place, allowing NGOs also in the future to provide high-quality services to all.

4. Therefore, **Solidar calls for the European Union to ensure that competition in the social sector will not be for the lowest price, but take the specificities of the services and their providers into account in defining fair competition rules.**

5. **A sector-specific legal instrument seems to offer the best opportunity to take the specificities of the sector into account** and to ensure legal certainty for high-quality social, educational and health care services of general interest supplied by a variety of providers. It would need to cover:

   - A clear description of quality principles for service provision from political level. These principles should not undermine existing national standards.
   - The acknowledgment of the combination of quality standards with value-based criteria
   - The recognition of the general interest as an important criterion for bodies/agencies providing social and educational services.
   - The question of public tendering for social, educational and health care services.

Modernisation should not equal privatisation and cost cutting. Endangering the provision of social, care and educational services in Europe, means endangering one important pillar of our societies.
A little TERMINOLOGY regarding social service provision in Europe

**Marketability:** Each product (and each service) is in principle marketable, if it can be traded. It is not marketable, if a market in the sense of exchange between supply and demand is not emerging (market failure) or leading to unwanted results (rejection of market). Ethical and value-based decisions of course lead to the decision that some products are and should not be marketable.

**Competition** is when at least 2 suppliers or demanders meet on a market. The achievement of objectives can only be raised on account of other competitors. Technically speaking, competition on a market exists, when changes in the price of one supplier have direct effects on the amount of outlet of another supplier.

**Social-economic enterprise:** The term social-economic enterprise encompasses the whole range of country specific foundations, associations, cooperatives, mutual societies etc. All these organisations are value-based and have a social as well as an economic-entrepreneurial dimension. Furthermore, they aim at promoting social and territorial cohesion. Their structure is democratic; profits are reinvested for the achievements of the enterprise’s objective. It has to be noted however, that the term can have country-specific connotations and meaning that need to be taken into account.

**Not-for-profit/ profit:** If an organisation is run to reach a goal and its profits are reinvested for the achievement of this objective, one calls such an organisation a not-for-profit organisation. In contrast to this model, the objective of most of for-profit/private enterprises is the realisation and distribution of profits through offering customized products/services at prices that at least cover the costs on markets.

**Social Capital** is made up of social relations and can be seen as a resource, in which we invest in order to gain a number of advantages (e.g. easier cooperation). Core elements are trust between individuals and organisations, reciprocity and the creation of networks of civil society commitment and common codes of conduct. One distinguishes between two dimensions:
I. "Bonding social capital" refers to the strengthening of the identity of individuals sharing certain commonalities; at the same time, however, bonding social capital can advance social division and social exclusion and the formation of elites.
II. "Bridging social capital" on the other hand, is a characteristic of networks that overcome ethnical, social and gender based differences. Social capital also influences other forms of capital (multiplying factors on e.g. economical resources, human capital) and the standard of socio-economical living conditions.

**Civic Added Value:** Civil society is a public space between the sphere of the state and the private sphere, which is used (created?) by non-state actors (e.g. NGOs). The general interest orientation and value-base characterizing service provision in the social and health sector creates a civic added value, which goes beyond the bare provision of services. As a matter of fact, by providing services, civil society actors accept responsibility in line with their value base and their objectives. By acting in the general interest and following the not-for-profit principle, civil society is mobilized and networks with general interest institutions are created. Furthermore, civil society actors promote responsibility of citizens and subsequently a culture of participation, develop innovative solutions and approaches to help, accept an
advocacy role for disadvantaged persons and advocate social rights. As a result, civic added value influences social cohesion and social capital of a society.

**General Interest** means the interest of a community or a society in the well-being of all, starting from the key concept of women and men as social beings. The definition of general interest is based on basic values and basic principles; it varies over time and place and is the result of a political bargaining process. Production of general interest needs the use of non-economical institutional mechanisms. Crucial quality requirements of services of general interest are continuous service provision covering a whole area, guaranteed quality standards, affordable prices and accessibility to all. Organisations commissioned with service provision have a specific commitment to the general interest they need to live up to.

**Not-for-profit and public utility-oriented:** NGOs and NPOs of the third sector act not-for-profit and are public-utility oriented. Due to the nature of their objectives, they are oriented towards the general interest. They mainly provide social services in the youth, elderly and health care sectors. Their activities aim at the fulfillment of their objectives, especially the promotion of social inclusion, solidarity and social balancing. They also often operate as advocates for their clients and in the process of political decision-making as lobbying organisations for social topics. They are operating in a specific regulatory environment with specific fiscal regulations.

**Foto 4**

**SOLIDAR MEMBERS HELP PEOPLE TO ENGAGE IN THEIR COMMUNITIES**

**NON-GOVERNMENTAL ORGANISATIONS MAKE A DIFFERENCE BOTH BY ACTING AS A VOICE FOR CHANGE AND BY OFFERING A HELPING HAND.**
Solidar member organisations
ASB, Arbeiter-Samariter-Bund e.V., Germany
ASB, Arbeiter Samariterbund Österreich Bundesverband, Austria
AWO, Arbeiterwohlfahrt Bundesverband e.V., Germany
COCIS, Italy
CSV, Community Service Volunteers, UK
FCD, Solidarité Socialiste, Belgium
FOS, Fonds voor Ontwikkelingssalmenwerking, Belgium
Fédération Européenne de l’Education et la Culture
Humanitas, The Netherlands
IED, Instituto de Estudios para o Desenvolvimento, Portugal
IFWEA, International Federation of Workers’ Education Association
ISCOD, Instituto Sindical de Cooperacion al Desarrollo, Spain
ISCOS, Istituto Sindacale di Cooperazione allo Sviluppo, Italy
ISF, Internacional Solidarity Foundation, Finland
JPA, Jeunesse au plein air, France
La Ligue de l’Enseignement, France
Lega Provinciale Cooperative Bolzano, Bund der Genossenschaften, Italy
MPDL, Movimiento por la Paz, el Desarme y la Libertad, Spain
NPA, Norwegian People’s Aid, Norway
Olaf Palme International Center, Sweden
One World Action, UK
Progetto Sviluppo, Italy
Progetto Sud, Italy
SAH, Schweizerisches Arbeiterhilfswerk, Switzerland
Solidaridad Internacional, Spain
Solidarité Laïque, France
TSL Workers’Educational Association, Finland
UNALG, Union Nationale des Associations Laïques Gestionnaires, France
Unison, UK
Volkshilfe Österreich Bundesverband, Austria
War on Want, UK

Affiliated Members
APHEDA Union Aid Abroad, Australia
ASAS, Associacao de Servicio de Apoio Social, Portugal
Banana Link, UK
Barka Foundation, Poland
IFIAS, Belgium
Narodna Dopomoha, Ukraine
Nord Sud Institut, Austria
ISS, Germany
OGB • L Solidarité Syndicale, Luxembourg
T : +32 2 500 1020
F : +32 2 500 1030
E : solidar@skynet.be
W : www.solidar.org