

# REACHING THE EQUILIBRIUM?

## State – third sector partnership in social services provision: a case study analysis of current policies in England and Ukraine

Nina Kolybashkina<sup>1</sup>

### Introduction

In recent years there has been significant increase in the extent of third sector involvement in social policy formulation and implementation. Third sector has often been seen as a panacea to cure the crisis of the welfare state, and even as an alternative to state provision. However, it is not the sector as such which is generically advantageous for service provision, but rather some of its characteristics, such as value base, responsiveness, spontaneity, and participation. Increased cooperation with the state impacts upon the sector itself and could, in fact, undermine precisely those characteristics for which it is advocated. The question of how to fashion cooperation in a way that protects the third sector from surrendering its basic autonomy and allows it to function as a true partner, not merely as a ‘public service contractor’, remains open.

This paper offers two case studies of the policy mechanisms introduced to institutionalise and balance cooperation on the local level in England and the Ukraine. Following an overview of the position of the third sector in each country and the general policy environment, I move on to present two particular mechanisms: *Bexley Voluntary Sector Compact*, defining the relationship between the Council and voluntary organisations in Bexley borough of London; and *Social'niy Zakaz* (social order), a municipal mechanism designed for targeting funds for specific social programmes in the city of Odessa. A comparative analysis of the case studies is conducted to identify the implications of the partnership and to see if such dangers as erosion of values, cooptation, isomorphism, and dependency are being avoided in their implementation. The analysis aims to assess whether a qualitative change in the relationship has occurred with the implementation of the partnership mechanisms.

### Conceptualising state-voluntary sector partnership

The last decade of the twentieth century has altered the international world order, as well as challenged fundamental assumptions about how countries, regions, institutions, and individuals relate to each other. From Eastern Europe with its dramatic ‘failure of totalitarian regimes’ to the more subtle, yet no less perceptible ‘crisis of the state’ in the West, the traditional models of these relationships have been questioned and various changes introduced. With the ‘rolling back’ of the state, the notion of ‘mixed economies of welfare’ has emerged, implying provision of the welfare services by four sectors - the state; the informal sector of families, friends and neighbours; the voluntary sector; and the commercial sector.

---

<sup>1</sup> Nina Kolybashkina is a probationary research student at the Department of Social Policy and Social Work, University of Oxford in England, UK and an associate researcher in the Centre of Ethnic and Social Studies in Crimea, Ukraine. She could be contacted at [nina.kolybashkina@st-johns.oxford.ac.uk](mailto:nina.kolybashkina@st-johns.oxford.ac.uk)

While the welfare states have always been mixed and the same four sectors have always been present, change in the balance between them has recently received critical consideration (Johnson, 1998). The concept of civil society attracted public attention as a means of reviving democracy and civic participation as well as a way of enhancing 'social capital' (Putman, 1993). The so-called 'third' or 'voluntary' sector is being seen as an institutional form of civil society and has been brought to the centre of public debate.

Normative assumptions about civil society inform the structure of the 'third' sector and the modes of interaction with the other two sectors. The roles assigned to the state and the private sector, as well as the interplay in the relationship of the three, vary from country to country, based on current socio-political order and historical background. According to the Western Tocquevillian model, civil society is squeezed between an overbearing consumer-oriented business sector and a state that regards citizens as dependent clients. Thus democratic government is strengthened by a vigorous civil society, which counters strong and dominating state. This model views the relationship as essentially one of opposition, antagonism and conflict. However in the situation, relevant to many transitioning countries, where the state itself is weak and requires strengthening, civil society and the state depend upon each other. (Beaclarck and Heap, 2003) I therefore propose that a cooperative model, which suggests that the sectors complement each other using their unique characteristics in achieving a better society, should be used to analyse the relationship between them.

In terms of the provision of social services, the interaction between the state and the third sector has always existed in one form or another. For example, back in 1978, the milestone Wolfenden Committee Report for England provides the following classification of the possible relationship of a voluntary organisation towards the statutory services: 1) as a pressure group seeking changes in the policy and provision of other organisations; 2) as the pioneer of new services with the intention that if successful they should be adopted more widely either by statutory or by voluntary agencies; 3) as the provider of services complementary either additional or alternative to statutory services. Still, the voluntary sector was located on the margins of the welfare state, and its role was seen as supplementary, covering the gaps in the state provision. The attitude of the state could be described as paternalistic and the financial assistance in the form of grants was provided on an ad hoc basis.

With the development of the 'partnership' model, the emphasis is placed on the equality in the relationship between the state and the third sector while recognising the difference in the roles and resources contributed. Seeing voluntary organisations as partners, rather than simply 'providers', implies greater participation of the sector not only in provision, but also in formulation of public policy, thus fostering the democratic foundations of the society. At the same time, such a long-term relationship enhances the sector by guaranteeing a level of financial stability, allowing for the implementation of larger-scale development projects.

The language of partnership is moving traditional concepts of government to a language of 'governance'. Governance implies that the responsibilities (although not necessarily authorities) over the major functions

of the state – such as funding, regulation and service provision – are shared between the state, the market and the civil society. While the state is eager to delegate the responsibilities over the provision of services, it retains much greater control over the functions of regulation and funding. In terms of the policies targeted towards the third sector, a balance needs to be found between the encouragement of individual voluntary initiatives and the furtherance of the social welfare objectives of the state through the third sector. The first one is clearly left at the discretion of the voluntary sector, with the state playing enabling role, while the latter implies that regulation could be more stringent. (Kendall, 2003). The latter case also poses such hazards to the spontaneous development of the voluntary sector, as erosion of values; *co-option*; isomorphism; dependency, as well as turning NGOs into ‘public service contractors’.

A significant increase in interaction between the voluntary sector and state over the last decade raised concerns about the potential hazard of this process to the very nature of voluntary organisations. Increased dependency on government may turn voluntary organisations into ‘public service contractors’. (Knight, 1994). Also, the introduction of the ‘contract culture’ and ‘market competition’ subjects voluntary organisations to institutional isomorphism, encouraging them to take on the characteristics of commercial enterprises, thereby losing the values of their ‘voluntary’ nature. As Salmon and Anheier (1994) conclude: ‘Few issues are as crucial to the future of the non-profit sector ... as determining how to fashion cooperation with the state in a way that protects the non-profit sector from surrendering its basic autonomy and thus allows it to function as a true partner with the state and not simply as an ‘agent’ or ‘vendor’. Thus, the following concerns should be addressed when the partnership strategies are developed:

<b>For the Government</b>	<b>For the voluntary sector</b>
<ul style="list-style-type: none"> <li>- recognising independence of the sector</li> <li>- recognising the sector as an equal partner and involving it in policy formulations</li> <li>- committing strategic funding programmes</li> </ul>	<ul style="list-style-type: none"> <li>- keeping the focus of its values</li> <li>- increasing performance and accountability</li> <li>- increasing connectedness to its constituencies</li> </ul>

***Country context- England***

The existence of the voluntary sector in England is usually traced back to the preamble of a Statute of 1601 listing contemporary examples of philanthropy, but the roots of formally organized voluntary action stretch back much further. The English take pride in the long-term charitable tradition driven by philanthropic and solidarity impulses and a variety of successful organisational structures developed over the centuries (Green 1993). The philanthropists of the 19th century drove social change and paved the way for tackling illiteracy, poverty and ill-health. Many of the services that now form an integral part of the statutory sector, e.g. the NHS, began in the voluntary and community sector. With the development of strong welfare-state services, the balance of the relationship between the two sectors began to change, and many saw the voluntary

provision gradually withering away. Yet, even in the heyday of the welfare state, the Beveridge Report (1948) justified voluntary provision as ‘the State cannot see to the rendering of all the services that are needed to make a good society’.

In recent years, the communitarian character of New Labour’s agenda and the announcement of ‘the age of active citizenship and the enabling state’ created the grounds for mainstreaming the voluntary sector as a policy actor, introducing a ‘paradigm shift’ in the relationship between the sector and the government. From a number of fragmented vertical policies addressing specific issues and attracting voluntary organisations as part of the solution, to ‘cross-cutting’ or ‘holistic’ approach to the sector’s development, recognising it as an equal ‘third sector’ in policy making, along with the state and private sectors. Labour has explicitly welcomed the voluntary and community sector as an influential partner in its social welfare programmes. Policy documents emphasise the role of the sector both in formulation and implementation of social policy: “Our aim must be to build a new partnership using the sector’s strengths to challenge and stimulate new ideas, complement our shared objectives and take forward the development of social policy generally. This partnership is about fresh ways of thinking through the role and structure of government and the voluntary sector and the way we deliver public services.” (HM Treasury 2002).

Although registered charities comprise only part of the broader voluntary sector, a macro-economic analysis of the data for general charities provides an interesting picture, indicative of the general trends. In 2001 there were 140,964 general charities in the UK with a gross income of £15.6 billion. Within the last decade the sector's income has grown by 31.7% and it is concentrated in larger organisations, with almost £9 out of every £10 accounted for by those with annual incomes over £100,000, even though they only make up 10% of the total of organisations. Such a traditional source of income for the sector as donations from the general public now accounts for 19.7% (£3.1 billion). By comparison, the importance of the relationship with the Government is illustrated by the fact that grants and contracts account for 29% of the gross income of the sector. Yet a growth of the earned income share to 21.3% (£3.3 billion) shows the sector capacity to preserve its independence. The employees of the sector in 2000 numbered almost 563,000, comprising 2% of the UK workforce. With the £5.4 billion contribution to the national GDP and estimated equivalent of £15.4 billion in volunteer labour contribution, the sector could clearly be seen as a major economic player. (NCVO Almanac 2002). In-kind donation of labour, such as Employee Volunteering initiatives, makes an important contribution to the development of the sector. In 2001, 16.5 million people (39% of the population) in England and Wales volunteered formally at least once, with 26% volunteering formally at least once a month. (2001 Home Office Citizenship Survey, ‘Active Communities’). As funding pressures force the charities to become more entrepreneurial and seek innovative methods to earn the income, the number of social enterprises (largely self-financing organizations which trade for a social purpose) grew by 9% in 2000. CAF report (2002) concludes: ‘The future financial health of the voluntary sector will depend on the successful merging of these two ideologies - namely, that of individual philanthropy for the public good and of private/public/voluntary sector partnership for welfare service delivery’.

The advancement of the 'horizontal policy process' has been reflected in the development of an array of distinctive new institutions and practices at the national and local levels since 1997. These include the development of Compacts and Codes of good practice to frame the relations between the voluntary sector and the state; the initiation of an annual review of voluntary sector-government relations in Parliament; and the involvement of voluntary sector personnel in the units and teams established to address 'cross-cutting' or 'holistic' policy problems, and offer 'joined-up solutions to them (Kendall, 2003). A special unit with responsibility for the voluntary sector and volunteering - Active Community Unit - was set up within Home Office.

The Compact on Relations between Government and the Voluntary and Community Sector in England was signed in November 1998. Initiated by Central Government, and coordinated by the National Council for Voluntary Organisations, the third sector's umbrella body on the national level, it is 'an expression of the commitment ... to work in partnership for the betterment of society and to nurture and support voluntary and community activity'. The provisions of the Compact are operationalised in the Codes of Good Practice on Funding, Volunteering, Consultation and Policy Appraisal, which are further translated into the lists of key undertakings and work plans. Also specific mechanisms for promotion and monitoring of the Compact are set up, such as a Ministerial Task force, Compact Advocacy Programme, Mediation scheme. Systematic review of the progress is ensured through the annual report to Parliament. National Compact is followed up by Local Compacts, which are already covering one-third of local authority areas. (Compact website<sup>2</sup>)

The lead from central government through the National Compact has been important, both in driving the process and raising the profile of the voluntary and community sector. The Compact was a clear milestone in the change to an explicit partnership model and the involvement of many senior figures from both sectors to joint policy formulation. (Deakin 2000). Yet, with proliferation of partnerships that accompanied New Labour policies, the sheer pace and extent of change has stretched the capacity of both parties. As the policy environment at the local level is increasingly crowded, there is a danger that early initiatives such as the Compacts can be marginalized by newer ones, such as Local Strategic Partnerships/Social Inclusion Partnerships. (JRF, 2002)

### **Case 1. Bexley Voluntary Sector Compact**

Bexley Council is one of thirty-two London Boroughs, which, together with the City of London Corporation, make up the area of Greater London. Bexley Voluntary Sector Compact is an agreement between Bexley Council, Bexley Care Trust and voluntary and community organizations in membership of Bexley Voluntary Forum, which sets out joint aims and expectations to ensure that the partners continue to work effectively together. The Compact was elaborated following the Review of the relationship between the Council and the voluntary sector, held 2001 –2003, and was signed in November 2003.

---

<sup>2</sup> <http://www.thecompact.org.uk/>

The document is divided into four main sections: Values and Principles, Consultation and Communication, Resources (funding and premises) and Measuring Effectiveness, which lay out the guidelines for achieving agreed aims. The Compact is based on the recognition that ‘we achieve more for the community by working together’. It expresses the commitment that those signed up to it will endeavor to build and maintain mutual respect and trust and understand each other’s roles, and ‘value each other as equal partners recognizing our different, but equal, contributions, constraints, responsibilities and accountabilities’. The Compact is a declaration of mutual aspirations, and is not a legally binding document. Its authority derived from endorsement by the parties through a consultative process.

Examples of joint initiatives that grew out of the Compact include a paper setting out criteria for the allocation of Council owned premises to voluntary groups and use of meeting rooms by voluntary groups; and setting up of a funding web site. Also, a consultation is being planned on voluntary sector staff pensions arising from the 2003/04 Compact action plan. The voluntary sector has lobbied for some years for this issue to be considered by the Council.

According to Maria Burton <sup>3</sup>, Head of Health and Independent Sector Partnerships in Bexley Council and the Focal Point for Compact implementation, the Compact has definitely improved relations between the Council and the voluntary sector. It has been a vehicle for moving initiatives that the voluntary sector have pushed for many years and clarifying rules of engagement. It illustrates not only the importance of the relationship to the Council but also gives the sector some power. However, its impact on the wider voluntary and community sector comprised of smaller and less professional organization is lesser, as they are likely to be unaware of the Compact.

*(Bexley Voluntary Sector Compact Site<sup>4</sup>)*

## **Ukraine - country context**

The break up of the Soviet Union opened new opportunities for social, political and economic developments in the region. Yet, the process of transition, exacerbated by the deep and long-term economic crisis has had severe implications on the social sphere. In this situation, the growth of a vibrant civil society was viewed as a major factor in democracy building and was widely supported by the international community. The evolution of civil society in Ukraine is hindered by multiple obstacles. A highly centralized state welfare system, inherited from the Soviet Union, became unsustainable in the current conditions, but reforms are very slow. During the soviet period, the spontaneous development of civil society was hindered by the dominant communist ideology. The model of welfare paternalism

---

<sup>3</sup> E-mail correspondence, June 2004

<sup>4</sup> <http://www.bexley.gov.uk/about/voluntarysectorcompact/>

characterised by the state attempting to take on all the functions in the associational life of citizens, including those of the family, left a legacy of social passivity, which remains strong in society.

The Law of Ukraine on Civic Associations adopted in 1992 became a catalyst for rapid growth of non-governmental organisations. In 2000 there were approximately 28,000 NGOs operating on different levels - from rural and regional to nationwide and international, which included 23,065 civic organizations and 4,878 charity foundations; 15 679 of them registered between 1995 and 2000. (Sydorenko, 2001) Most of organisations concentrate on assistance to disabled, politics/human rights, culture, health, science, youth, war veterans, gender issues, religion, environment, mass media, trade unions, and most of them are located in big cities. (UNDP, 2001) The share of third sector organisations in the national GNP is very modest – it constitutes 0,6% (for 1999, according to Sydorenko, 2000). International donor's grants make around 80-86% of income of registered NGOs (Vinnikov, 2002). Frequently NGO leaders consider the role of their organization to be reduced to seeking grant funding for narrow-scope short-term projects (seminars, study tours, publishing activities) and distributing humanitarian aid. Grants are usually made available under strict regulations and do not provide support for basic operational costs. As a result most non-profits in Ukraine lack a well-defined organizational mission and strategic plans and adjust their programs to donors' priorities. Recent research shows that only 36% of organizations receive membership fees. 28% of the NGOs polled do not have any funds, and 32% have annual budgets less than 2,000 dollars. As a rule, organizations have only one or two financial sources (more than 51%) and these sources are usually grants. (ICD 2001, TAURUS 2001). Another problem of the sector development as a whole is lack of cooperation among the organisations working in the same area. Quite often rather than acknowledging common objectives, NGOs view their colleagues as competitors for donor funding. Dependency on donor funding priorities separates the NGOs from the local community, thus undermining the founding democratic principles of civil society. Such essential democratic functions as advocacy, campaigning, promotion of legislative initiatives are frequently neglected. The managers often have no proper understanding of the needs of their members and do not involve their target groups in priority setting and planning. Lack of understanding of the concepts underlying the NGO activity by the general public and state authorities on local and national level results in low participation and lack of support.

At the time when both the state social security programmes are in the process of formulation/restructuring and the NGO sector is in its evolutionary phase, the need to develop the mechanisms for interaction between governmental and non-governmental organizations is great. With greater motivation, new types of services using modern social and information technologies could be introduced, which otherwise would not be feasible within the state programmes due to the lack of resources (e.g. community-based education programmes, youth and gender mainstreaming.).

According to the decree of the President of Ukraine 'About the Strategy for Poverty Alleviation' adopted on August 15, 2001, 'increasing the effectiveness of social support to most vulnerable groups of population by

way of reforming the system of social protection' was considered to be a priority measure. Innovative solutions to social problems that were introduced following this decree included:

- Establishing non-statutory institutions for social services;
- Conducting competitions for funding from the budgets of local self-governance bodies for the social services provided by non-governmental and charitable organisations;
- Developing the practice of targeted budget financing for the social programmes of non-governmental and charitable organisations;
- Elaboration of methodological and legal standards for contracting procedures on local and legislative levels;
- Introducing various forms of volunteer involvement in addressing social problems.

(Kovcheg, 2003)

Authorities still view the third sector as marginal to the state social policy if not antagonistic. The legal framework for partnership between the state and civil society is not developed, therefore even if any cooperation takes place, it is occasional and hindered by many legal limitations. On the regional and municipal levels state support is taking such forms as providing funds for specific NGO activities, providing financial, material, in-kind, medical and social assistance to vulnerable groups through NGOs that represent their interests, covering the costs or providing reduced rate for rent and utilities payments, providing salaries for some workers. Active NGO community has been advocating for recognition of its role and developing partnerships in resolving social problems of the population. Odessa Regional Association "Kovcheg" has taken the lead in this process, when in 1996 it has developed a first proposal to introduce a mechanism for *Socialny Zakaz* (social order). It offers a principally new approach to delivering state social programmes – requires competitive selection of the implementing partner, introduces a contractual relationship between the two parties, and allows attracting other contributions from local and international sources. It took four years for the mechanism to be actually adopted, but the success of its implementation has attracted a lot of publicity. During last few years this mechanism has also been actively promoted in Kiev, Donetsk, Zaporijie, Rivne and Autonomous Republic of Crimea. Yet these developments are still seen as territorial initiatives to legalise the relationship, rather than a result of consistent state policy. A draft of the Law of Ukraine "On Social Order" submitted in May 2001, has been rejected by the parliament; therefore more work needs to be done to advocate the benefits of increased cooperation.

### **Case 2. Regulation on Socialiy Zakaz (*Social Order*) in the City of Odessa**

Odessa, one of the administrative-centres in the South of Ukraine, was the first city to introduce the mechanism of *social'niy zakaz*. The decision on the regulation of the Odessa City Council was adopted by the Municipal Assembly of Odessa in 2000. It defines legal, organisation and financial basis for the *social'niy zakaz*, as well as the mechanism for formulating and implementing *social'niy zakaz* on all the

levels of self-governance in the city. It was drafted by the Permanent Commission of the City Council on Improving the Structure of Municipal Governance together with the Association for Support of Public Initiatives “Kovcheg” and Odessa Public Institute of Social Technologies. This was a result of 4 years of advocacy and lobbying work by the non-governmental organisations of the region.

*Social'niy zakaz* outlines a legal mechanism for the parties to cooperate on the regional level in order to solve acute social problems. It also serves as a legal ground for channelling the state funds to non-statutory bodies and includes a methodology for defining priority areas for launching *social'niy zakaz* programme. It could be initiated by any legal of physical body and a proposal should include a tentative list of activities to be implemented and estimate of the resources required.

*Social'niy zakaz* is not seen as merely a way to support NGOs, but rather as a mechanism to address particular social problems in the most efficient way. The mechanism is based on the following principles: addressing priority social problems; using comprehensive approach; combination of budgetary, non-budgetary and other kinds of financing; competitive bidding, transparency and accountability; drawing on support and resources from citizens. The Tender Commission for *social'niy zakaz* is comprised of Municipal Assembly representatives, directors of relevant Municipal Departments, and representatives of non-governmental organisations, thus minimizing the dependency of implementing NGOs from the executive authorities.

In 2001-2002, with the contributions from the international organisations and the implementing partners, total budget for the *social'niy zakaz* programmes exceeded 400 000 UAH (90 000 USD), which was 6 times the amount provided from the municipal budget. Municipal budget allocated for social order in 2003 is 200 UAH (40 000 USD). Thematic fields supported included social protection to homeless; social rehabilitation of disabled; support to senior citizens; preventative measures against AIDS, HIV and drug abuse; propaganda of healthy lifestyle.

*(Association Kovcheg site<sup>5</sup>)*

### **Comparative analysis**

The issues related to civil society are high on political agenda in both countries: while Blair declares participation and active citizenship as the most important trends for development; Kuchma talks of development of the networks of non-statutory organisations, the transfer from budgetary financing to competitive tendering and delegation to the local government bodies the authority over planning, financing, and provision of social services as the pillars of country's poverty reduction strategy.

Yet, studies of partnership have suggested that the state new working relationship with the voluntary sector rather than being collaborative in the way that partnering suggests, can be very instrumental, reflecting a continuing imbalance of power. The extent of the government's involvement in the voluntary sector raises

---

<sup>5</sup> <http://www.nonprofit.org.ua/index.html>

concerns with whether civil society could continue accommodating the diversity of cultural and moral values, and preventing totalitarianism of dominant ideology, serving as ‘an actual ground where all versions of the good are worked out and tested... and proved to be partial, incomplete, ultimately unsatisfying’. (Waltzer 1998) What is often forgotten, is that state-civil society partnership does also imply accountability on behalf of the state.

The analysis of the UK policy environment shows a clear shift in the way the voluntary sector is perceived and treated by policy makers. For example, Kendall (2003) distinguishes between the ‘vertical policies’, geared towards specific central policy fields and priorities, like healthcare, children etc., and ‘horizontal policies’ that aims to strengthen and develop the sector as a whole. Adoption of the ‘horizontal policies’ shows that the sector has been recognised as an important actor of the policy process, not as a marginal or complimentary provider. Yet, there are shortcomings associated with even such obviously positive initiatives. Now the local and national funding is increasingly dependent on demonstrated partnership or consultation. Yet, when these are performed in an instrumental manner, this undermines the very ideal of the approach. While the process of agenda mainstreaming can ran fairly smooth, when it comes to actual implementation many problems often arise. Both sides overestimate the other side’s capacity to deliver. As a study on the impact of the Compacts observes, ‘the pace of change has stretched the capacity of both parties and made it difficult for them to find the time to focus on concrete projects’. (Craig and Taylor, 2002) However on the whole, the developments are considered to be positive ‘the new institutions seem to have widened access to the policy process, offered groups recourses and hence new opportunities to meet the need and led to constructive relationships in some cases’. (Kendall, 2003)

In the Ukraine due to the legacy of the authoritarian state, civil responsibility is still very low. Also, grave economic situation in the country significantly limits the amount of financial and time resources that people could contribute to the voluntary sector, as they are engaged in daily economic survival. For most of the people employed in the sector, it is a good economic opportunity, as the support of the foreign donors allows to maintain higher remuneration level than in the statutory sector. However, this is only true when some on-going projects are supported, as in their absence NGOs are left with no funds of their own. With the weak state, the role of civil society becomes not necessarily in challenging it, but rather taking up an important role in reviving community infrastructure, creating and enhancing national identity, as well as providing social services to vulnerable groups. With the support of international donors, funding, contacts, networks, office equipment etc., the third sector is actually stronger, smarter and more up-to-date with cutting edge social and information technologies. However, the darker side of such state of affairs is heavy dependency on international donors as a main source of funding. Capacity-building programmes are mainly implemented by the international organisations and promote western normative assumptions about civil society models. Also, most of capacity building work within the sector, as well as the research, information dissemination and training activities are self-centred, oriented to the NGO sector itself, and do not reach out to general public or state structures.

Despite the many differences in the country contexts and variations in the stages of the of voluntary sector development, many similar issues came up in both case studies. We can summarise them under four categories:

*Funding:* Increase in resources and stability of the funding relationship are essential for the sustainability of the sectors in both countries. In the case of England it is addressed with greater efficiency through various targeted funding programmes. We can see that in England the voluntary sector has diverse funding sources, while Ukrainian NGOs tend to rely on one source. In the current economic conditions, only the increased support from the state could guarantee development of the sector.

*Legal and fiscal environment:* Creation of enabling legal and fiscal environments is the regulatory role that has to be carried out by the Government. In both countries proposals for the changes in the existing legislation are developed and lobbied by the voluntary sector. The changes are related to extending the scope of legal definition, discussion on the meaning of the public benefit, the need for creating fiscal incentives for the funders.

*Conflict of values:* The potential to create a conflict of values between advocacy and campaigning and service provision roles of the voluntary organisations is a shared concern. In both countries some commentators argue that increased cooperation will lead to dangerous blurring of the sectors' boundaries.

*Information/advocacy:* The need to educate the public and the civil servants about the voluntary organisations and their roles was more emphasised in the Ukrainian case, however it is also topical for England. Also informing the voluntary organisations about the developments and existing opportunities is essential for the new initiatives to succeed.

Further comparison of *Bexley Voluntary Sector Compact* and *Social'niy Zakaz for Odessa city* reveals the following distinctions in the partnership mechanisms, which emerge as a result of the differences between the two countries' setting:

We can see, that in England, where both the voluntary sector and the welfare state are strong, and the tradition of cooperation between the two is more established, the partnership places the emphasis on recognition of the roles of the partners and commitment to shared values. It is participation in the policy making, which is more important than mere service delivery. In the Ukraine, where both the state and the third sector are weak and undergo evolutionary stage, the partnership focuses on achievement of concrete outcomes, and the mechanisms for greater involvement of the sector in service delivery are sought.

The Compact was developed as a national scheme, initiated by the central government and coordinated by the sector' umbrella body on the national level. Local Compacts are coming out as a result of the consultation between the partners. While, 'Socialiniy Zakaz' was introduced on the regional level, initiated by non-governmental organisations. Now it is being lobbied on the central government level, to translate it into national legislation. The process is supported by international organisations. For Ukraine, the main problems is the lack of support from local, and especially central authorities, while in the UK it is

frequently noted that the push from the central authorities for partnership mechanisms is so great, it might damage the relationships on the local level, rendering them merely instrumental.

Compact is a declaration of mutual aspirations and a guideline for achieving joint social objectives. It is not a legally binding agreement; its authority is derived from endorsement by the parties through a consultation process. The emphasis is placed on consultation and communication, information, monitoring and evaluation. *Social'niy Zakaz* introduces programmatic approach to solution of identified social problems with additional resources attracted from local and international donors and serves as a legal ground for channelling the state funds to non-statutory bodies. It establishes a contractual mechanism for the parties to cooperate on the municipal level. In both of the cases the mechanisms are important not only as the means to achieve the outcomes, but also itself as a process of learning and awareness rising among the partners as well as general public.

The equality of partnership is reflected in the provisions made for the third sector organisations to take a active part in policy formulation. *Bexley Voluntary Sector Compact* clearly defines the best practices for consultation exercises and suggests the ways for improved communication. In the case of *Social'niy Zakaz* competitive tendering, NGO representation on the tendering committee, and participation of NGO in identifying *Social'niy Zakaz* priority areas are the channels for influencing policy making. It is launched on the municipal level and not through specific departments, which decreases dependency from executive structures.

Based on this analysis we can conclude, that in both cases the partnership mechanisms developed, increase the clarity about the roles and relationships and create the conditions for the third sector to operate as genuine and valued partner in the social policy process.

### **Conclusions:**

In our review we have looked at the two countries where the voluntary sector operates in very different contexts - mature voluntary sector in England, working against the background of the strong welfare state, and the nascent 'civil society' in Ukraine, emerging in the situation of economic and social crisis. Yet, in both countries, the partnership between the state and the voluntary sector is seen as the most promising trend for the provision of social services, as well as development of the society as a whole. Partnership implies a qualitative change in the relationship - the voluntary sector is not a mere supplementary provider, but a stakeholder both in policy design and implementation. In the process of transformation both sectors strive to improve their practices. The partnership between the two is not only about increased efficiency, but also about reviving original ethos of service provision. The new mixture is being created, that is taking on some of the positive characteristics of the both sectors. It is not a simple complementarity, where one plus one equals two, but rather an emergence of a different quality, which could signify the evolution of a new paradigm of public administration.

### **Bibliography**

- Azarov B., et all (2002) *Obosnovanie social'nogo zakaz na Ukraine*, NGO Kovcheg, Odesa
- Bartlett W., Roberts J., Le Grad J., (ed.) (1998), *A Revolution in Social Policy: Quasi-market reforms in the 1990s*, Policy Press, Bristol
- Barwood A., (2000) *Towards a Common Cause – 'A Compact for Care'*, Inspection of local Authority Social Services and Voluntary Sector Working Relationships
- Beauclerk J., Heap S., (2003) *Civil Society-State Relationships: Models and actualities in Pratt B., (ed.) (2003) Changing expectations? The Concept and Practice of Civil Society in International Development, INTRAC, NGO Management and Policy Series No 16*
- Beveridge (1948), *Voluntary action: a report on methods of social advance*, London: G. Allen & Unwin
- Billis D., (1993) *Sliding into change: the future of the voluntary sector in the mixed organisation of welfare*, London: Centre for Voluntary Organisation, London School of Economics,
- Chemerys A. et all (2001) *The Ukrainian Social Protection System and the Methods of Governance in The Impact of Decentralization on Social Policy in Hungary, Latvia and Ukraine*, TAURUS, Local Governance Institute, Budapest
- Deacon, B. (1992), 'Social Policy, Social Justice and Citizenship in Eastern Europe' in Deacon, B. (ed.) *Social Policy, Social Justice and Citizenship in Eastern Europe*, Avebury, pp 3-19.
- Deakin, N. (2001) 'In Search of Civil Society', Palgrave
- Esping-Andersen, et all (2002) *Why we need a new welfare state*, Oxford: Oxford University Press
- Esping-Andersen, G. ed, (1996) *Welfare states in transition: national adaptations in global economies / London : Sage*
- Green, D. (1993) 'Reinventing Civil Society: The Rediscovery of Welfare Without Politics', IEA Health and Welfare Unit, *Choice in Welfare No.17*, London
- Hems, L. (2002) *The Need For Strategic Change In The Voluntary Sector: Growth Trends in the UK voluntary sector economy 1991 to 2001*, Institute for Philanthropy  
<http://www.instituteforphilanthropy.org.uk/growth.html>
- HM Treasury (2002), *The Role of the Voluntary and Community Sector in Service Delivery A Cross Cutting Review*
- Howell J., Pearce J., (2003) *Civil Society: A Critical interrogation in Pratt B., (ed.) (2003) Changing expectations? The Concept and Practice of Civil Society in International Development, INTRAC, NGO Management and Policy Series No 16*
- Hyden G, 1997, "Civil Society, Social Capital, and Development: Dissection of a Complex Discourse," *Studies in Comparative International Development*, Spring 1997, Vol.32
- Johnson, N., (1998), *Mixed economies of welfare: a comparative perspective*, London: Prentice Hall Europe
- Knapp, M., E. Robertson and C. Thomason (1990) 'Public Money, voluntary action: whose welfare?' in H.K. Anheier and W. Seibel (eds) *The Third Sector: Comparative Studies of Nonprofit Organisations*, de Gruyter, Berlin.
- Knight, b. (1994), *Voluntary Action ("The Centris Report")*, The Home Office, London

Kramer R., (1990), *Voluntary organizations in the Welfare State: on the threshold of the 90's*, London School of Economics and Political Science, Centre for Voluntary Organisations

Kuhnle S., Selle P., et al (1992), *Government and voluntary organizations : a relational perspective*, Aldershot

Kendall, J., (2003) *The voluntary sector*, Routledge, London

*Making a difference*, annual report 02-03, Charity Commission for England and Wales, July 2003

*Charities and Not-for-Profits: A Modern Legal Framework*, The Government's response to 'Private action, Public Benefit', The Home Office, July 2003

Lewis D., (2001) *Bridging the gap?: the parallel universes of the non-profit and non-governmental organisation research traditions and the changing context of voluntary action*, London : Centre for Voluntary Organisation, London School of Economics

Lewis, J. (1995) *The voluntary sector, the state and social work in Britain*, Edward Elgar Publishing Company

Mishra, R. (1984), *The Welfare State in Crisis*, Brighton: Wheatsheaf

Nanivska, V. (2001) *Rozvitok nederjavnyh organisaziy v Ukraine*, International Center for Policy Studies, June

NCVO (1996), *Meeting the challenge of change : voluntary action into the 21st century* London, Vol. 2. The report of the Commission on the Future of the Voluntary Sector: NCVO Publications

NCVO (2002), *The Size and Scope of the UK Voluntary Sector: NCVO's UK Voluntary Sector Almanac*

Raynard, P. (2002) *Emerging challenges facing the voluntary sector in the twenty-first century*, in *Dimensions 2002: Update of CAF's Top 500 Fundraising Charities*, The CAF Research Team, Kent

Plowden, W., (2002) *England – Five years after Deakin in Next steps in voluntary action: An analysis of five years of developments in the voluntary sector in England, Northern Ireland, Scotland and Wales*, CCS and NCVO, London

*Private Action, Public Benefit*, Strategy Unit report, September 2002

Putnam, R. (1993) *The Prosperous Community: Social Capital and Public Life*, The American Prospect, Vol. 4

Putman, R. (1993) *'Making Democracy Work'*, Princeton University Press

Rose-Ackerman S., et al (1986) *The Economics of nonprofit institutions: studies in structure and policy*, New York ; Oxford : Oxford University Press

Salamon, L. (c1995), *Partners in public service: government-nonprofit relations in the modern welfare state*, Johns Hopkins University Press

Salamon, M., Anheier, H. and Associates (1999) *'Civil Society in Comparative Perspective'* in *Global Civil Society: Dimension of the Nonprofit Sector* (ed.), The John Hopkins Center for Civil Society Studies, pp 1-40.

Sydorenko, O. (2001) *Civic and Charitable Organizations in Ukraine*, Innovations and Development Centre

Wolfenden Committee (1978) *The Future of Voluntary Organizations*, Croom Helm, London.

“Getting it right together” *Compact on Relations between Government and the Voluntary and Community Sector in England*, Presented to Parliament by the Secretary of State for the Home Department By Command of Her Majesty November 1998