

## **Introduction**

Melani Cammett and Lauren M. Maclean

Non-state actors supply basic social services to ordinary people even more extensively than states in many countries around the world. Non-state providers (NSPs) often have deep historical roots in their respective polities and, in some cases, predate the establishment of modern states by centuries. Although the role of non-state actors in social welfare provision is not new, their numbers, diversity, and importance have grown tremendously over the past several decades. In sub-Saharan Africa, individuals now appeal to both extended family members and friends to help pay hospital fees, and a rapidly increasing number of nongovernmental organizations (NGOs) launch welfare initiatives as states around the continent cut subsidies and reform social programs. Likewise, in parts of Latin America, and indeed in most other developing regions, international and domestic NGOs, and, increasingly, private firms are key suppliers of social welfare<sup>1</sup> in both urban and rural communities. In the Middle East, North Africa, and South and Southeast Asia, in particular, Islamist and other sectarian and religious organizations play a crucial role in providing social services, which many observers highlight to explain their popularity. Even in the United States, where the welfare state is far more developed, secular NGOs and faith-based organizations are critical components of social safety nets.

The importance of NSPs in social welfare regimes contradicts expectations about the ever-expanding role of the state in shaping the livelihoods and social

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1. In this volume, we use the term “social welfare” to refer to health, education, and support for the poor and disadvantaged groups. We define social welfare in more detail below.

security of citizens. Ever since Otto von Bismarck instituted social welfare programs in Prussia in the 1880s, and perhaps even earlier, Western governments have provided an expanding number of social services to their citizens. Many assumed that with industrialization and economic growth, developing countries would eventually follow suit.

But, now, at the beginning of the twenty-first century, it seems that we are living in a new world. Just as states are no longer fighting all the wars (e.g., 9/11 and Israel's war with Hezbollah in Lebanon), states no longer—or, in some cases, never did—provide many social welfare services. For the past three decades, the World Bank, the International Monetary Fund, and other donors have advocated economic reforms that require states to reduce their roles while NGOs, private companies, community groups, and other non-state actors increasingly provide public goods and basic welfare. Meanwhile, many developing countries have also liberalized their authoritarian political regimes over the past several decades. Thus, neoliberal globalization and democratic openings have combined to create new spaces for non-state actors to emerge, operate, and grow.

The justifications for expanding non-state welfare provision generally emphasize technical advantages or efficiency gains. We show in this book, however, that the shift towards non-state social welfare provision is deeply political. The relationship between states and citizens is fundamentally transformed as social service delivery migrates away from governments to a host of other non-state providers, including churches, international relief agencies, and ethnic or sectarian groups, or as non-state actors consolidate and expand their existing welfare activities. Non-state provision is not merely a neutral, technocratic solution to a policy problem; it can have profound effects on political life.

This book thus places the *politics* of non-state social welfare front and center: What are the *political consequences* of non-state social welfare? Specifically, we highlight the potential ramifications of non-state provision for three important outcomes, including equitable and sustainable access to welfare, accountability for citizens, and state capacity. This book demonstrates a wide range of variation in all three of these outcomes.

First, equitable and sustainable access to welfare is an important outcome with highly tangible implications for citizens. Policymakers the world over claim that they prioritize the improvement of general well-being by ensuring that all citizens are able to meet their basic needs and pursue economic and social advancement. From a normative standpoint, a rich tradition of scholarship in political theory debates the “common good,” highlighting the centrality of equitable access to social services and the ability of citizens to achieve minimum living standards (Aquinas 1265–74; Barnes 1984; Rawls 1971). Thus, the equity of access to basic services is an important policy goal, but non-state provision has diverse effects on this outcome. As chapter 2 elaborates, few non-state providers have either the resources or the mandate to provide broad, equitable access to their services. Even with the best of intentions on the part

of staff members and administrators, many NSPs lack the material resources and capabilities to serve broadly or sustainably (Wood 1997). Furthermore, some NSPs include restrictive eligibility criteria, whether in their formal rules or informal practices, ensuring that their pools of beneficiaries do not include all needy households in their catchment areas.

Of course, the limitations of NSPs should not suggest that the welfare state automatically ensures fully equitable access to services. State-run programs are frequently mismanaged or rife with clientelism, thereby restricting access to public benefits. In theory, however, the state is the only institution that can be mandated to provide universal access to services whether through its own agencies or third-party providers.

A growing body of research points to the importance of our second outcome of interest, accountability for citizens (Cornwall, Lucas, and Pasteur 2000; Gaventa and Cornwall 2000; Kilby 2006). Development agencies and international donors, too, increasingly recognize the value of accountability mechanisms in protecting the rights and obligations of democratic citizenship (Department for International Development 2000; World Bank 2007). How does non-state provision affect the avenues that citizens use to seek accountability for adequate social welfare services? Several of the book's chapters reveal how accountability may be very difficult when citizens face a fragmented scene of multiple non-state providers. The politics of accountability may hence become more intensely charged and complex for citizens to navigate on a day-to-day basis.

Finally, we contend that the political consequences of non-state provision can affect state capacity, which is increasingly linked to a variety of important political and economic outcomes such as democratic stability and quality as well as economic growth and development (Acemoglu 2005; Evans 1995; Kohli 2004; Mahoney 2010; Soifer 2013). Non-state social welfare can have both positive and negative effects on the development of capable states. With effective non-state partners, the state is able to free up resources to devote to other policy concerns and faces fewer challenges to its role as the “steward” of well-functioning welfare regimes. States with higher levels of regulatory capacity in the first place are more likely to ensure that NSPs play a constructive and effective role in welfare regimes.<sup>2</sup> For less capable states, however, the increase in the short-term resources for social development afforded by non-state provision may be outweighed by a decline in the longer-term capacity of the state to provide or regulate social welfare.

NSPs are highly variegated, with radically different consequences for citizens and states in the politics where they operate. What explains this variation

2. For example, it is well established that public stewardship is essential for health care systems that promote public health and provide efficient and equitable care (World Health Organization 2000). This claim also accords with research on the importance of state capacity for economic development (Acemoglu 2005; Chaudhry 1993; Mahoney 2010).

in the political consequences of non-state provision? We argue that two main sets of factors condition the political effects: (1) the type of non-state provider (NSP); and (2) its relationship to the state. In chapter 2, we highlight the four most relevant aspects of NSP form: the level of formalization; the locus of operation; the extent of profit orientation; and the nature of eligibility criteria. We then theorize how varying levels of NSP and state capacity create four different modes of NSP-state relations, ranging from appropriation (low NSP and low state capacity) and substitution (high NSP and low state capacity) to state domination (low NSP capacity and high state capacity) and coproduction or delegation (high NSP and state capacity). Based on these conceptualizations of NSP type and state-NSP relations, in chapter 2 we present several propositions about the political consequences of non-state welfare provision, which are examined in the following empirical chapters and then assessed in the conclusion. The propositions suggest how specific characteristics of NSPs combine with distinct modes of NSP-state relations to produce more positive or negative outcomes for citizen access, accountability, and, ultimately, long-term state capacity.

To assess these propositions, the contributors to this volume focus on a range of distinct types of NSPs with different relationships to the state. Each chapter addresses how non-state welfare by specific types of NSPs affects access to services, accountability for citizens, or state capacity, or all three, in the countries that they cover. Although we do not theorize these three key outcomes as contiguous links in a causal chain, several of the chapters reveal the complex interactions between the outcomes. Thus, when NSPs work in collaboration with public actors, and when they aim for *inclusive access* to their services, NSPs can actually serve to increase the *capacity of the state*. In answering these core questions about political consequences, the chapters also address prior questions: *When and why does non-state welfare provision emerge and become consolidated?* Many of the chapters highlight how the history and dynamics of non-state provision over time are critical for understanding contemporary politics.

To date, most research on the welfare state focuses almost exclusively on the advanced industrialized economies (Esping-Andersen 1990; Skocpol 1992; Pierson 1994; Iversen 2005; Lynch 2006). But these studies have limited applicability to the developing world, where democracies are less consolidated, state institutions are weaker, and informal, rural labor markets predominate (Gough et al., 2004). Some recent studies analyze welfare regimes in the developing world, but focus mainly on state policies and public rather than non-state actors (Kaufman and Segura-Ubiergo 2001; Rudra 2002, 2007; Mares 2003; Kaufman and Nelson 2004a; Haggard and Kaufman 2008; Brooks 2009; Seekings 2009; Mares and Carnes 2009). Although Gough et al. (2004) emphasize that “informal security” outside of the state is an important aspect of welfare regimes in much of the developing world, their approach clusters together highly heterogeneous countries into the same categories and does not

unpack the role of non-state actors in service provision. This leaves important questions unanswered about the distinct consequences of various welfare regimes across the developing world. More policy-oriented work on development highlights the importance of non-state actors in social protection. However, much of this literature focuses narrowly on the role of NGOs (Fox and Brown 1998; Brown and Kalgaonkar 2002; Mercer 2003; Brinkerhoff 2007; Teamey 2007; Brinkerhoff 2008; Heins 2008) rather than the full array of organizations and institutions with which ordinary people interact to meet their basic needs. The analytical framework and collective contributions of this volume move beyond NGOs to interrogate the politics of non-state provision by a wider range of non-state providers.<sup>3</sup>

To capture the most prevalent welfare systems in the developing world—including Asia, Africa, Latin America, and the Middle East—we focus on a large, middle-range set of countries where public welfare programs are limited and non-state and informal providers dominate.<sup>4</sup> We intentionally exclude the most highly institutionalized welfare state regimes such as South Korea or Tunisia (Ben Romdhane 2006), which have received the most extensive attention (Haggard and Kaufman 2008). We also exclude weak and collapsing states in Africa, Asia, and Latin America, such as Somalia, Afghanistan, Palestine, or Haiti, from the analysis. Within this predominant middle category of cases, we find important sources of variation, particularly regarding the types of NSPs that provide or shape access to social welfare. To highlight parallels between welfare regimes in developing and more industrialized countries, the book assesses the political consequences of non-state social service provision in the United States and Russia. Our analysis aims to capture the similarities and differences in non-state provision in the vast majority of developing countries and even in more developed contexts. This book assembles original comparative research on Africa, Central Asia, East Asia, South Asia, Latin America, the Middle East, Russia, and the United States.

In this day and age, when international donors, policymakers, and parts of the aid community increasingly promote and fund non-state welfare, it is critical to know more about the political ramifications of such non-state provision. The next section of this chapter presents working definitions of NSPs and the types of social welfare activities addressed in this volume. To contextualize the rise of NSPs in the late twentieth and early twenty-first centuries, we then

3. Von Benda-Beckmann and Kirsch's (1999) conceptualization of “social security systems” also includes a more comprehensive range of actors beyond state agencies, including churches, NGOs, family, and neighbors. Their work draws on scholarship in legal anthropology that highlights dichotomies between formal and informal or traditional providers whereas we emphasize the distinction between state and non-state providers as pivotal. See also von Benda-Beckmann et al. (1988).

4. This category of countries corresponds to what Gough et al. (2004) refer to as “informal security regimes.”

provide some overall estimates of the growing importance of and background on NSPs as key actors in development.

### What Are NSPs?

Non-state providers refer to all providers outside of the public sector, including charitable and for-profit institutions, as well as domestic and international actors (Moran and Barley 2004). Of course, as we highlight in more detail here and in the subsequent chapters, the boundaries between the state and non-state providers are frequently blurred. Non-state providers may receive significant levels of state financing or even deliver services from state-owned offices and buildings.<sup>5</sup> Sometimes state civil servants are officially seconded to work for NSPs or, at other times, civil servants wear two hats, and have actually founded or work as active employees of local NGOs or faith-based organizations (FBOs) (Tripp 2001). In addition, states increasingly establish contracts with the private sector to provide services (Prager 1994). Despite these kinds of overlaps, NSPs nevertheless have their organizational origins and bases significantly outside of the state.

This volume focuses on the non-state provision of *social welfare*—and not “public goods provision” more generically. Social welfare may be viewed as one subtype of the broader category of public goods. As a result, we do not include here the provision of such public goods as roads and other transportation infrastructure, electricity, telecommunication networks, markets, police, and military security. In this book, we define social welfare provision as the direct delivery or indirect facilitation of services and programs that promote well-being and social security.<sup>6</sup> Essentially, this includes health, education, and support for vulnerable populations such as the elderly, disabled, and the poor. Notably, we conceptualize health broadly to include sanitation and water—which are often placed in the larger category of public goods—because these services have direct ramifications for health outcomes. Outbreaks of cholera, endemic in many developing countries and often in the wake of destructive conflict or natural disasters, illustrate unmistakably the salience of sanitation and water to public health and overall social welfare (Moran and Barley 2004). In many developing countries, the state’s direct provision of social welfare is limited primarily to health and education services. In some countries, states may provide a modest range of pension, retirement, unemployment, and

income or antipoverity programs for vulnerable populations, but this is more the exception than the rule. Given the relatively limited direct and even indirect roles of the state in welfare regimes in the developing world, the book examines holistically the origins, dynamics, and consequences of the non-state provision of social welfare.

### The Rise and Resurgence of NSPs over Time

Since at least the 1980s, non-state providers have assumed an increasingly important role in the financing and direct provision of social welfare around the world. This trend toward increased NSP activity is in part related to a shift in the development policy prescriptions of major donor organizations such as the World Bank during an era of neoliberal globalization (World Bank 1997, 2004b; Klein and Hadjimichael 2003; Organization for Economic Cooperation and Development 2005).

Quantitative data on the levels of various types of NSPs over time are difficult to obtain and evaluate. Of all NSP types, international NGOs (INGOs) are most likely to be monitored on a global scale. The data on the numbers, geographic location, and funding of international non-governmental organizations reveal the expansion of this type of NSP activity around the globe.

First, the quantity of INGOs has grown exponentially over time, declining only slightly during the economic retraction of the Great Depression in the 1930s (Davies 2008; Sikkink and Smith 2002). Not only have the numbers of INGOs increased dramatically, from approximately one thousand in 1945 to over sixty thousand in 2007 (Davies 2008), but the geographic locations of these INGO headquarters have spread particularly rapidly outside of Europe. Finally, the activities of INGOs have expanded as they were reported to receive over \$10 billion in funding from multilateral and bilateral donors in 2007 (Davies 2008).

Country-level data also suggests that *domestic* NGOs are also growing in numbers and spreading outside of capital cities. (See table I.1.)

In this volume, Jennifer N. Brass (chapter 5) points to the rapid increase in the numbers and activities of local NGOs in Kenya. In India, it is estimated that over 1.2 million NGOs now operate, with more than half based in rural areas (Society for Participatory Research in India 2002). Many of these organizations in India are not legally registered or incorporated as NGOs and would be better characterized as smaller, informal community based organizations (CBOs). Again, it is difficult to find comparable quantitative data on NGOs from earlier time periods but the available evidence suggests a significant expansion of NGOs and CBOs around the world.<sup>7</sup>

5. Salamon and Sokolowski (1999) find that nonprofits in twenty-six countries around the world receive nearly 39% of their total revenues from public sector payments.

6. Whereas some scholars have promoted the concept of “well-being” (Gough et al. 2004) and others (Hirz 1995; von Benda Beckmann et al. 1988) have advocated the concept of “social security,” we maintain the concept of “social welfare” in order to facilitate a dialogue with other scholars working on the welfare state and to clarify that we are addressing social services beyond the income support for the aged also known as Social Security in the United States.

7. For example, Salamon and Sokolowski (1999) found that NGO employment grew by 24% in the early 1990s in the eight countries of their study where time series data was available. Notably, this rate of growth is three times faster than overall employment growth.

TABLE 1.1.  
Increase in NCOs in selected countries covered in empirical chapters, 1980–2010

	1980	1990	2000	2010
Argentina				15,800 (2012)
Azerbaijan			300	2,700–3,700 (2011)
Ghana	80	700	1,300	4,772
India		20,000–30,000 (1989)		3.3 million (2008)
Kazakhstan			6,000	36,815 (2011)
Kenya		250–400	4,000	6,000
Russia		30–40 (1987)	275,000	450,000–600,000 (2005)
Tanzania	25	137	3,000 (2001)	5,300

*Sources:*

For Argentina: Centro Nacional de Organizaciones de la Comunidad (CENOC), "Listado de Organizaciones Inscripciones en nuestra Base de Datos," <http://www.cenoc.gov.ar/busqueda.html>, accessed July 31, 2012; Salomon 1994.

For Azerbaijan: International Center for Not-for-Profit Law 2012; United States Agency for International Development 2000, 2011.

For Ghana: Atingdji 1995; United States Agency for International Development 2011.

For India: "Nongovernmental organizations," <http://www.anand.to/india/ngo.html>; <http://www.slideshare.net/brownbag/kumar-an-on-ngos-in-india-presentation>; Government of India 2009.

For Kazakhstan: United States Agency for International Development 2000, 2011.

For Kenya: Liston 2008; NGO Regulation Network, [www.ngoregnet.org/Library/SUMMARY\\_OF\\_REGULATORY\\_SYSTEM\\_FOR\\_NGOS\\_IN\\_KENYA.doc](http://www.ngoregnet.org/Library/SUMMARY_OF_REGULATORY_SYSTEM_FOR_NGOS_IN_KENYA.doc).

For Russia: Flounders 2006; Grosdev 2005; United States Agency for International Development 2000, 2011.

For Tanzania: International Center for Not-for-Profit Law, [http://www.icnl.org/knowledge/fiji/volists/art\\_7.htm](http://www.icnl.org/knowledge/fiji/volists/art_7.htm); International Council on Social Welfare, [http://www.icsw.org/doc/0011\\_2c\\_Barru\\_Eng.pdf](http://www.icsw.org/doc/0011_2c_Barru_Eng.pdf); United Republic of Tanzania 2001; United States Agency for International Development 2010.

The role of for-profit firms as providers of social welfare also appears to have increased over the past several decades. Many studies indicate a marked expansion in the number of for-profit health clinics and schools. For example, a UNESCO background paper (Aga Khan Foundation 2007) shows that non-state primary school enrollments increased by 58% between 1991 and 2003 while public sector enrollments increased by only 10%. Notably, the percentage increase of private primary enrollments during the 1990s exceeded 100% in sub-Saharan Africa and what is termed the "Arab states." World Bank data indicates that private primary enrollments have increased at a remarkably accelerated rate across all world regions (except Organization for Economic Co-operation and Development members) between 2000 and 2010. This volume

reveals that the role of for-profit firms in social welfare is not always neatly distinguished from the state and extends well beyond the health and education sectors. In chapter 10, Alejandra Mizala and Ben Ross Schneider show the political consequences when the central state allocates funding for public and private providers in a national school voucher system in Chile. In chapter 4, Allison Post highlights how the private sector management of water and sanitation systems has significant effects for the social welfare regime in Argentina.

For-profit firms have also increased their role through corporate social responsibility (CSR) initiatives (Contreras 2004; Hess, Rogovsky, and Dunfee 2002; Nwankwo, Phillips, and Tracey 2007). Data on the extent of social welfare expenditures through corporate social responsibility efforts was surprisingly unavailable at the country, regional, or global levels. Instead, most CSR reporting is submitted annually by individual firms. Elkington (2003) does find, however, that the number of firms engaged in reporting of their CSR activities is increasing over time (Center for Corporate Citizenship 2011). Based on a comparative analysis of foreign oil companies in Central Asia, Pauline Jones Luong's chapter presents a nuanced view of the role of multinational firms in welfare regimes (chapter 3).

The increasing role of ethnic and sectarian organizations has been heralded in case studies of diverse countries in Asia, Africa, and the Middle East (Cammeter 2014; Cockburn 2008; Flanagan 2008; Hefner 2005; Shadid 2002; Thachil 2014), but little quantitative data exists that documents the provision of social welfare by such groups across developing countries or regions around the world. Melani Cammett's chapter on Lebanon in this volume (chapter 7) is based on one of the first nationally representative survey data sets that points to the significant role of sectarian parties and organizations in providing social welfare services.

The trends with less formal types of NSPs are even more difficult to evaluate quantitatively. The chapter by Anirudh Krishna (chapter 9) is based on an original survey that was one of the first systematic attempts to gather quantitative data on the role of informal brokers of government services in several states in India. Lauren M. Maclean's chapter (chapter 8) also draws from a unique primary data set to compare patterns in informal family and friendship networks of reciprocity in Ghana and Côte d'Ivoire. Other scholars (Abu Sharkh and Gough 2010) have used World Bank data on international remittances to serve as a proxy for the extent of international family and friendship networks cross-nationally around the world. Table 1.2 shows the available data on remittances over time from several of the countries highlighted in the book.

These data reveal the growing importance of international flows of remittances, but they are limited in two important ways. First, it is unclear from the data to what extent remittance receipts were used to finance social welfare provision. And, second, the data miss entirely the internal flows of family and friendship support that occur within and between communities inside the borders of any one country.

TABLE 12.  
Increase in worker's remittances received in selected countries covered in empirical chapters,  
1980-2008 (current US\$)

	1980	1990	2000	2008
Argentina		41,700,000 (1993)	50,000,000	605,920,000
Azerbaijan			57,132,000	1,416,054,000
Ghana	500,000	6,000,000	32,400,000	126,104,960
India	2,755,694,909	2,351,865,793	12,738,252,470	49,143,759,987
Kazakhstan			63,872,440	120,150,116
Kenya		71,364,121 (1994)	584,854,297 (1999)	667,317,334
Lebanon			2,544,440,000 (2002)	5,774,482,500
Russia			362,700,000	801,910,000
Tanzania			5,300,000 (2001)	9,322,369

Source: World Bank Development Indicators (2010), <http://databank.worldbank.org>.

Overall, we conclude that the role of diverse non-state providers in the provision of social welfare is becoming increasingly important over time throughout the developing world. The rise of non-state provision, however, should not suggest that the state is absent or declining in all dimensions of welfare regimes. The reduction in public welfare *provision* over recent decades in many developing countries has been accompanied by a net increase in public social expenditures in some regions (Economic Commission for Latin America and the Caribbean 2010). State social expenditures on health and education in developing countries have frequently increased even as international donors have called for non-state actors to take on more of the burden of supplying basic services and infrastructure. For example, public health spending has increased as a percentage of GDP across all developing regions in the past decade, a trend that is mirrored in the wealthier OECD countries. Similarly, the pattern generally holds for public spending on education, although government expenditures dipped below 1980 levels in Africa during the 1990s before rebounding to a higher level in the late 2000s (Kaiser Family Foundation 2011; World Development Indicators 2013).

Yet, as the literature on the welfare state has shown (Esping-Andersen 1990; Mares 2003), data on expenditures provide only a limited view of the actual operation of welfare systems and may even present a misleading view. Just because aggregate public expenditures have increased does not mean that the additional funds were spent effectively or equitably (Kaufman and Nelson 2004a; Paes de Barros et al. 2009). Furthermore, strong state regulatory capacity or

“stewardship” (Salman and Ferroussier-Davis 2000; World Health Organization 2000) is essential to ensure that state and non-state providers offer high *quality* services in an efficient, impartial, and accountable fashion.

### The Origins of Non-state Social Welfare

How can we understand the origins of non-state social welfare? Why is there so much attention to the role of non-state providers in developing countries now at the beginning of the twenty-first century? The dominant explanation in much of the economics literature is that non-state provision of social welfare emerges from *market failure* (Deaton 1992; Siglitz 2005; Dercon 2002; Alderman and Paxson 1992). Essentially, in many developing countries markets do not exist for the provision of social services such as education and health. Private sector companies have little profit motive to provide services in areas with such endemic poverty. Not only is the supporting infrastructure of roads and electricity very poor in many developing countries but individual and household incomes are frequently low and highly variable, reducing the ability of individuals and families to pay fees for private services. According to this literature, widespread market failure results in the emergence of non-state actors such as domestic and international religious organizations, NGOs, CBOs, families, and friends stepping in to deliver and finance needed social services.

What these explanations miss, however, is politics. An economic emphasis on the individual response to price signals in the contemporary time period obscures the influences of the structures of state and societal power and the hierarchies of inequality within these societies. This book's more multidisciplinary group of contributors highlight instead that the emergence of NSPs is not necessarily as fluid or automatic as an approach based on market failure implies.

The core issue is not simply the failure of markets, but rather, as an alternative perspective holds, *the failure of the state*. The tacit assumption shared by many of the scholars who point to market failure is that the state is equally incapable of providing social services, and hence, state failure is an implicit component of the explanation for the origins of non-state provision (Kamar 2003; Gough et al. 2004). Indeed, some important new scholarship has emphasized the role of non-state providers in contexts of absolute state failure, such as in the eastern region of the Democratic Republic of the Congo (Seay forthcoming), Afghanistan (Jalali 2006; Rubin 2002), and Colombia (Koonings and Kruijt 2004). Although state failure may seize headlines and certainly portend grave human consequences worthy of sustained academic attention, state failure is actually rather rare in developing countries. Far more common than state failure is the persistence of state weakness (Jackson and Rosberg 1982; Rotberg 2003b; Rice and Patrick 2008). For this reason, we exclude failed or collapsed states from our empirical cases and focus instead on disaggregating the



spectrum of weakness that predominates across Africa, Asia, Latin America, and the Middle East.

Some scholars have conceptualized state strength or weakness in terms of the state's level of macroeconomic development (Rice and Patrick 2008).<sup>8</sup> Hence, a particular state's poverty or lack of financial resources indicates weakness in its inability to finance or deliver extensive services for social welfare. And yet the empirical cases covered in this book suggest that non-state provision has originated in states that are both relatively rich and poor. We argue that the level of economic development is useful in understanding the relative scarcity of public provision in developing countries when compared to advanced industrialized cases, but it does not illuminate effectively the significant variation between developing countries. Our collective analysis of mostly lower income countries reveals that state weakness goes well beyond the limitations of financial resources. Instead, we highlight the relative strength or weakness of the state's regulatory capacity.

From a distinct vantage point, other scholars also emphasize the regulatory reach of the state by arguing that the adoption of neoliberal reforms by most developing countries since the early 1980s explains the origins of non-state provision of social welfare. Here, the literature emphasizes that the problem was not market or state failure, or even an overly weak state, but rather an excessively interventionist state that prevented free markets from operating efficiently (Bates 1981; World Bank 1981; Collier and Gunning 1999). The initial solution advocated by the World Bank, the IMF, and other donors was to reduce the role of the state across the board (World Bank 1981). For the provision of social welfare, neoliberal reforms initially meant the elimination or drastic reduction of previous state subsidies for social services in the 1980s and 1990s and the introduction of user fees. By the beginning of the twenty-first century, many states had softened their earlier austerity policies by making basic health and education either free or more affordable to all (MacLean 2011b). This literature suggests that the overall reduction of the state's role in the provision of social welfare opened up a new space for non-state actors (Tripp 1997).

We agree that neoliberalism<sup>9</sup> as an ideology and set of policies has likely stimulated the growth of non-state provision over time. Ideological trends—especially in the early years of the 1980s and 1990s—called for state retrenchment and replacement by private providers. The combination of these trends

8. While Susan Rice and Stewart Patrick's index combines indicators from four areas of state effectiveness (economic, political, security, and social welfare), they conclude that poverty is highly correlated with state weakness (Rice and Patrick 2008).

9. As Boaz and Gans-Morse (2009) point out, neoliberalism is a contested and vaguely defined term. In this volume, we use the term to mean a promoter ideology associated with policies to promote economic liberalization, privatization, deregulation of markets, and, most broadly, the promotion of private actors in the economy and society.

and conditionality imposed by international financial institutions helps to explain the rise and resurgence of NSPs in diverse regions of the developing world. But there are two problems with this argument. First, as noted above, public social spending actually *increased* on aggregate in many developing countries over the past few decades. In part this is due to domestic pressures and policies and in part to shifts over time in the policies of the international financial institutions (IFIs), especially the World Bank, which began to emphasize the importance of social safety nets in its lending policies from the 1990s onward (World Bank 1997, 2001/2002). Thus, as states were called on to reduce their engagement in direct service provision, state spending on social programs and related policies appears to have increased in some countries and regions. Second, the claim that promoter reforms explain the rise of NSP does not explain variation across different country cases. For example, MacLean shows that even social welfare provision by families looks quite different on the ground in rural villages of Ghana and Côte d'Ivoire where the World Bank pushed the adoption of similar economic reform packages starting in the 1980s. She finds that Ghanaians reported more willingness to support extended family networks than their Ivorian counterparts. Thus, the actual landscape of NSPs varies across different countries, depending on historical legacies of state and non-state provision in prior historical moments. As we discuss in chapter 2, these distinct configurations of NSPs have different consequences for the lives of ordinary citizens.

A related theoretical explanation for the origins of non-state provision might be the push for *decentralization* around the world from the 1980s and continuing until today (Bardhan and Mookherjee 2006; Crook and Manor 1998; Falleri 2010; Grindle 2007). Decentralization was frequently an essential component of neoliberal reform packages. When the state's role could not be eliminated entirely, state authority was shifted away from the center and delegated to a more local level (Grindle 2007; Aye 1994). Like neoliberalism more generally, the decentralization of governance may increase the opportunity for non-state actors to play significant roles in the provision of social welfare. Where the literature on neoliberalism highlights an increased role for private businesses and international nongovernmental organizations in social provision, the scholarship on decentralization points to expanded social service financing and delivery at the local level by domestic NGOs, CBOs, and more informal social networks.<sup>10</sup> Hence, it is not simply the total failure of markets, or the absence of the state, which has stimulated the origination of

10. The decentralization trend also provides incentives to “contract out” social services to private firms and other NSPs. When responsibilities for certain sectors are decentralized without sufficient resources either from the national government or at the local level, local governments must find alternative, affordable arrangements for providing services. Contracting out shifts cost burdens away from local governments and has the added “benefit” of allowing them to avoid paying higher union wages for public employees. We thank Alison Post for this observation.

non-state provision of social welfare but, rather, the administrative reorganization of public welfare delivery at *multiple* levels that explains development outcomes. But here again this set of arguments has limits. Decentralization was commonly shared across all of the cases after the early 1980s, and yet significant variation exists in the patterns of non-state provision among different developing countries.

In contrast to all of these explanations for the relatively recent rise of NSPs, we note that non-state provision is *not* new. Many NSPs were established long ago and have extensive institutional legacies. For example, Michael Jennings (chapter 6) shows how faith-based organizations have been operating in Tanzania since at least the colonial era, and Cammett traces the origins of religious providers in Lebanon to the Ottoman and French Mandate periods. Thus explanations for the origins of NSPs cannot be located exclusively in market failure, state failure, recent promarket policies, or decentralization reforms beginning in the 1980s, even if deeply historically rooted provider types have evolved and adapted themselves in the twentieth and twenty-first centuries. The policy reforms of the past three decades may explain why non-state actors have gained in prominence more recently, but it is the particular historical context of state administrative power that explains variation in non-state social welfare in many developing countries. The book's contributors understand the origins of non-state provision to have occurred much earlier than the onset of the recent wave of globalization and thus emphasize how the specific histories of state formation have shaped the origins of NSPs around the world.

### Overview of the Book

The next chapter supplements this brief survey by conceptualizing the variety of welfare regimes in sixty-five non-OECD countries, indicating the distinct roles of NSPs in each type. In chapter 2, we complement Ian Gough's survey of welfare regimes (chapter 1) by creating a detailed typology of NSPs that operate in the different welfare systems that he delineates. We spell out each type's potential degree of inclusiveness in allocating social benefits and conceptualize distinct patterns of state-NSP relations, ranging from collaborative to more competitive. We build on these analytical foundations to develop baseline hypotheses about the consequences of non-state provision for access to services, citizenship experiences of accountability, and state capacity. In brief, we emphasize that the degree of NSP inclusiveness and the nature of state-NSP relations are the primary determinants of the consequences of non-state provision.

In part I, each of the case studies is situated within our typology of NSPs. The chapters show how distinct types of NSPs stimulate divergent consequences for equitable and sustainable access to services, accountability, and state capacity.

Part II tests the limits of our argument by examining three cases that might not be expected to fit. In the chapters on Chile (chapter 10), Russia (chapter 11), and poor, urban neighborhoods in the United States (chapter 12), Alejandra Mizala and Ben Ross Schneider, Linda Cook, and Scott Allard, respectively, show how similar pockets of non-state provision exist even in places with relatively established welfare-state bureaucracies. On the one hand, these chapters reveal how segments of the population are forced to meet their basic needs through informal and insecure arrangements even in more developed welfare states. On the other hand, they highlight the importance of NSP-state relations and particularly the state's capacity to regulate non-state providers in order to enhance accountability to citizens and the quality of service provision.

In the concluding chapter of the book we integrate the theoretical and empirical material by assessing the degree to which the propositions presented in chapter 2 are borne out by the empirical case studies of distinct NSP types in the chapters in parts I and II. The conclusion explores the specific conditions under which non-state providers may *enhance* access to welfare, mechanisms of accountability, and state capacity by mediating between state agencies and communities to help implement development projects and welfare programs. Conversely, the chapter also builds on the empirical evidence presented in the chapters to show how non-state social welfare provision can have *adverse* political ramifications by inhibiting the development of state provision and undermining linkages between states and citizens in some contexts and historical moments.