The Role of NPOs in Policies to Combat Social Exclusion

Christoph Badelt

June 1999
THE ROLE OF NPOs IN POLICIES TO COMBAT SOCIAL EXCLUSION

by

Christoph Badelt*

Social Protection Discussion Paper No. 9912
June 1999

*The author is professor of economics and social policy at the Vienna University of Economics and Business Administration, Reithlgasse 16, A-1190 Vienna: Austria: E-Mail: Christoph.Badelt@wu-wien.ac.at
CONTENTS

I. SOCIAL EXCLUSION: DEFINITIONS AND RELEVANT DIMENSIONS 4

1. Poverty and Social Exclusion: Background and Definitions 4
   1.1. Distributional versus Relational Issues 4
   1.2. Alternative Political Paradigms of Social Exclusion 5
   1.3. Social Exclusion as Attributes of Individuals and/or Societies 6

2. Features of Social Exclusion and "Social Inclusion" 6
   2.1. Comprehensiveness 6
   2.2. Process Orientation 8

3. Towards a Concept of "Social Inclusion" 8
   3.1. Spheres of Life to be touched 8
   3.2. Social Actors Concerned 9
   3.3. Fundamental Value Judgements to be taken 9

II. THE NONPROFIT SECTOR 10

1. Common Elements of Definitions 10

2. Issue Relevant Typologies 11

III. POLITICAL STRATEGIES: NPOs AS A MEANS TO SUPPORT SOCIAL INCLUSION 12

1. The Relative Weight of Institutional Innovations 12

2. The Social Integration Argument 13
   2.1. NPOs as means of Civic Integration 14
   2.2. NPOs and the Procedural Aspects of Economic Integration 14
   2.3. NPOs and Interpersonal Integration 15

3. The Institutional Development Argument 15
3.1. Institutional Basis for Commercial Activities 16
3.2. NPOs as "Intermediary Bodies" 16
4. NPOs as Direct Providers of Services 17
   4.1. "Institutional Choice" as an Economic Problem 17
   4.2. Main Theoretical Arguments in Favor of NPOs 18
   4.3. Empirical Aspects 20
   4.4. Political Consequences 21

IV. NPOs AND SOCIAL INCLUSION: POLICY IMPLICATIONS 22
   1. Decisions the Bank will have to make 23
   2. Kinds of Measures the Bank will have to take 24

REFERENCES 26
This paper reports on a pilot study on NGOs and social exclusion. The purpose of the study is to present the main topics to be investigated by the Bank in the future, if policies to reduce social exclusion relied more on NGOs than they do at present. Section I gives an overview of the different concepts and dimensions of social exclusion. Section II reviews the definitions and various forms of nonprofit organizations (NPOs) which may be of relevance for the Bank's policies. Section III discusses the role NPOs may actually play in a strategy to fight social exclusion, while Section IV suggests some policy implications.

I. SOCIAL EXCLUSION: DEFINITIONS AND RELEVANT DIMENSIONS

The European debate on social policy has increasingly made a difference between the issues of poverty and social exclusion. Within the World Bank the term "social exclusion" is also used to an increasing degree, although strategies to "reduce poverty" have a long tradition in the Bank. Therefore, it is useful to start with a discussion of the differences and common features between the two terms; this can help to find out whether variations in terminology reflect substantive matters.

1. Poverty and Social Exclusion: Background and Definitions

1.1. Distributional versus Relational Issues

Advocates of the concept of social exclusion (who have published extensively at the forefront of the European Commission's DG V and in the International Institute for Labor Studies) have always stressed the "very different theoretical paradigms" behind poverty and social exclusion. The notion of poverty focuses on distributional issues (lack of resources), while the notion of social exclusion is focused on relational issues, like inadequate social participation, lack of social integration and lack of power (Room 1995: 5). While poverty can be measured in a direct way (for example in terms of living conditions, consumption, etc.) or in an indirect way (in terms of income), these differences have less relevance in the concept of social exclusion.

Poverty and social exclusion derive from different intellectual traditions. Poverty is a concept associated with a liberal view of society (in a European sense), in which the goal of social policy is to ensure that each person has sufficient resources to survive in a competitive world. Social exclusion has its basis in the more continental analysis of a social order; socially excluded people are being detached from a moral order, they are denied social rights (Room 1993: 14). Whenever this happens citizens will suffer processes of generalized and persisting disadvantages; "their social and occupational participation will be undermined" (Room 1995: 7). Social exclusion is a "state of detachment from .... a moral order, it can be brought about by many factors, including limited income" (Walker 1995: 103).
Seen from a policy perspective there is a logical chain (Berghman 1995: 13) between poverty and social exclusion. At first, people have to be trained and educated to be integrated into the labor market. The income that they can earn there will give them command over goods and services to guarantee their social participation. Whenever this logical chain is interrupted because of unemployment or incapacity to work, traditional social insurance schemes replace the income. Thus, social participation is not endangered. Yet, in practice, social policy authorities increasingly face the challenge to work on policies against (income) poverty and social exclusion simultaneously, because this "logical chain" is interrupted. A similar situation can be expected in middle income countries.

1.2. Alternative Political Paradigms of Social Exclusion

Although social exclusion is often sketched as a general phenomenon in developed and less developed countries, the term covers very heterogeneous meanings that reflect different paradigmatic approaches. It is important to describe these differences even for a policy-oriented study because policies to combat social exclusion may differ substantially according to the underlying concept of exclusion.

The first paradigm is usually coined the solidarity paradigm (Silver 1995: 65–79). Here, exclusion is "the rupture of a social bond between the individual and the society, referred to as social solidarity." A society is characterized by cultural boundaries, by which the poor, ethnic minorities or unemployed end up as deviant outsiders. The source of integration of these groups would be "moral integration." The state is obliged to aid in the insertion of the excluded.

The second paradigm, represented by Anglo-American liberalism, draws exclusion as a consequence of specialization, which refers to social differentiation, economic division of labor and a separation of life spheres. The mere fact that individuals differ does not yet raise concern. It is the discrimination aspect that is seen as a problem (ibid.: 76). Separation of spheres would not lead to hierarchically ordered social categories, if individuals were free to move across boundaries. In a liberal view of society the contractual exchange of individual rights is a basis of welfare. If this exchange, if mobility between spheres is impossible, then division of labor may end up in social exclusion.

The third paradigm sees exclusion as a consequence of the formation of group monopoly. "Powerful groups, often with distinctive cultural identities and institutions restrict the access of outsiders to valued resources through a process of social closure" (ibid.: 76). A good example is labor market segmentation that draws boundaries of exclusion between and within firms. While in the specialization paradigm the source of integration is exchange, the monopoly paradigm relies on citizens' rights as a means to change the status of exclusion.
1.3. Social Exclusion as Attributes of Individuals and/or Societies

While the above-mentioned paradigms always define social exclusion as a phenomenon of societies, there are also views defining social exclusion as an attribute of individuals (see IILS 1996: pp.11 - 12). In the former view, social exclusion is a property of the institutional framework in a society. This implies that policies to combat social exclusion have to focus on institutions, rules and regulations that determine human behavior.

The latter view defines social exclusion through the attributes of individuals; and it is the individuals who have to be the focus of policy interventions. As described in section 1.1. the process of being exposed to multidimensional situations of disadvantages, the process of individual marginalization and social "disaffiliation" has to be interrupted by public policy.

2. Features of Social Exclusion and "Social Inclusion"

Social exclusion is usually described as having two distinct connotations: its comprehensiveness and its dynamic character (Berghman 1995: 16-25). On the basis of this description of social exclusion the main elements of policies to support social inclusion can be deduced.

2.1. Comprehensiveness

Based on the notion of a social order, social exclusion can be defined in terms of the failure of one or more of the following systems (Commins 1993):

- the democratic and the legal system (civic integration, i.e. being an equal citizen in a democratic system)
- the labor market, promoting economic integration, i.e. having their own money, their own command over resources
- the welfare state system, providing social integration, i.e. having access to the social services provided by the state
- the family and community system, providing interpersonal integration, i.e. having friends, neighbors, social contacts, etc.

In view of these dimensions, poverty is often a subset of social exclusion, as Walker (1995: 127) has formulated: "Social exclusion, in such cases, is a destination on a journey through poverty."

Describing social exclusion by the failures of subsystems in a society does not give concrete hints on the substantive problems that are covered by the term. To overcome these deficiencies, one can refer to the "patterns of social exclusion" suggested in the literature (for example, Rodgers 1995: 44 – 50). Depending on the general level of development of an economy, the following dimensions can be of relevance:
**Exclusion from Goods and Services:** In this respect social exclusion comes relatively close to traditional conceptions of poverty – measured by incomes or by expenditure data. Social exclusion here means exclusion from a high "consumption way of life", being excluded from a "consumer society," however this may be defined in a certain society. This is not only a matter of having enough or too little money to purchase certain commodities. Exclusion from goods and services also refers to problems of access to public goods, for example, because of regional disparities.

**Labor Market Exclusion:** Because labor earnings are the most important income source for the majority of the population, exclusion from the labor market has a monetary and an immaterial component. While substitutes for wage incomes can be granted through unemployment insurance, this is not the case for the social legitimacy aspect. Therefore, labor market exclusion is seen as one of the most threatening aspects of social exclusion, especially in highly industrialized countries.

**Exclusion from Land:** Exclusion from land is a specific aspect of social exclusion in developing countries. There, it is widely associated with poverty and social and economic insecurity.

**Exclusion from Security:** The security aspect goes far beyond the usual economic analysis of poverty. In mainstream economic theories of social policy, security typically refers to traditional "social risks," like accidents, illness, and death. The goal of social policy is to at least take precautions against the material consequences of these risks. Although this aspect is also of high relevance in a social exclusion context, the issue is much broader. To give some examples: Security also refers to physical security of individuals, in terms of safety or freedom from physical violence. But, it also refers to environmental security or to pure security of livelihood.

**Exclusion from Human Rights:** Human rights or social rights are defined broadly than terms of material goods and services. Much of what has been described as social or personal integration materializes in a system of human rights to which socially excluded groups do not have appropriate access. This refers to the health system, the legal system, the cultural system, etc. Some of these rights also affect the economic status of the groups concerned; for example, when workers do not have legal rights to fight for humane or healthy working conditions. Still, human rights should not be seen just as rights to support "exploited" groups against economic interests.

"Comprehensiveness" as a feature of social exclusion does not only refer to the subsystems of a society and to the areas in which individuals may be excluded. It also means that all groups of a society that may suffer from one or the other form of social exclusion are considered. Therefore, much research on social exclusion deals with the identification of "vulnerable" or "disadvantaged" groups (for example Anker 1995: 54 – 56).

Identifying these groups is of substantial importance for social policy that wants to focus its efforts on specific targets. It is important to realize that some groups who are often designated as "vulnerable" (like women, children, disabled, migrants, elderly people, etc.) need not be "poor"
by traditional standards of income or expenditure indicators. To give some examples: Child workers may not be poor in income terms, but are definitely a target group for policies against social exclusion. Students in European welfare states quite often suffer from significant income problems, but are not usually threatened by social exclusion.

2.2. Process Orientation

There are arguments in the literature that view social exclusion as a process and poverty as an outcome (Berghman 1995: 20). While this distinction is controversial, it still can help to develop alternative policy implications on social exclusion: Policies to combat social exclusion will have to concentrate on a process in which citizens come into a disadvantaged situation; they should not be confined to look at results only and to try to change these results (see Rodgers 1995: 50). Policies will have to differentiate between situations of permanent exclusion and those situations in which economic or social developments force people to move from vulnerability to complete dependence. As a consequence, policies will not reach the core of the problem if they just organize the distribution of money or other resources to certain groups of society. Influencing processes means setting up an institutional infrastructure upon which a social order is based.

As soon as the relationship between institutional infrastructure, individual need and social exclusion is brought up, an analysis of human collectivities is necessary. Given a world of scarce resources, what are the institutional forms in which all kinds of collectivities (from households to nonprofit organizations to the state) come to include vulnerable individuals? This is why an economic theory of social exclusion (for example, Jordan 1996: 5-19) has to deal with questions of institutional choices if a conceptual basis for policies against social exclusion should be developed. Such a theory has to analyze the advantages and disadvantages of alternative institutional arrangements.

3. Towards a Concept of “Social Inclusion”

Due to the different aspects of social exclusion described in section 2 a policy to support “social inclusion” has to follow a number of principles, which will be discussed briefly, before the special aspects of NGOs are investigated.

3.1. Spheres of Life to be touched

Social inclusion has to consider a broad spectrum of spheres in human life. If the notion of comprehensiveness described in section 2.1. is taken seriously, policies to support social inclusion also touch the personal sphere of human beings, by affecting their social relations, by influencing their work status and by dealing with their role in the cultural and political life in society. Policies cannot be confined to just the economic status that enables individuals to meet their personal needs without any outside interference.
It is this kind of policy implications by which the far-reaching assumptions of the concept of "social exclusion" become obvious. The broad scope of policy may be challenged; it definitely contradicts "liberal" (in the European sense) views of social policy; but as will be shown next, it does not necessarily imply an overwhelming influence of the state in society.

3.2. Social Actors Concerned

Policies to foster social inclusion are not confined to the state intervening in what is seen as "public interest." They involve, rather, a wide range of social actors (IILS 1996: 21).

There are social actors who support social exclusion and there are others who support social inclusion. Some social groups actively defend their domains against outsiders (Rodgers 1995: 51). In these cases, the state may play the role of controlling the exclusion of one group by another. A good - and controversial - example in this context is the role of labor unions vis-a-vis the unemployed or low wage groups (for example, with regard to gender issues).

There are social groups claiming that their major role in society is to work for social integration. Advocates of the nonprofit sector often describe this function as their main service in society. Later, this argument will be investigated in detail.

In any case, policies to support social inclusion will have a strong emphasis on influencing institutional arrangements in society. Whether or not this procedure is sufficient to reach social inclusion remains controversial (see IILS 1996: 22). The debate on whether such an "institution centered" approach will be more effective than a "people centered" approach, which focuses on the direct improvement of people's lives, is far from finished. At this point, it suffices to mention that policies for social inclusion may choose to go either (or even both) way.

Moreover, policies may be organized on a micro or on a macro level. There are problems of social exclusion that can be tackled more easily on the local level, for example through social work in a local community. But recent social events (like migration) have made clear that substantial problems of social exclusion need solutions on a supranational level. In practice, this might be a challenging task; still, in certain areas such an international policy coordination will be inevitable.

3.3. Fundamental Value Judgements to be Taken

Policies to support social inclusion do not only draw on value judgements on the scope of responsibilities of the state. They also have to take decisions on what forms and intensities of social exclusion are bad and what forms are socially acceptable. Many scholars or politicians writing on social exclusion seem to imply that "inclusion is good, exclusion is bad" (Rodgers 1995: 52). This view, however, does not pay enough attention to voluntary forms of social exclusion.
Some examples of this kind are quite often subjects of controversial debates. To give some examples, the "rights" of some long term unemployed to live an "alternative lifestyle" may be in conflict with labor market or unemployment compensation policies. Various models to take on responsibilities for family work and to stay away from the traditional labor market lead to controversial positions on the role of women in societies and on the degree of freedom which may make women "decide" to stay away from paid work in the labor market. Some minority groups claim to prefer a status of "social exclusion" from the majority population, in order to protect their specific culture and lifestyles, etc.

Summarizing these controversial debates would go beyond the scope of this paper. Yet, it is important to illustrate that policies for social inclusion have to be built on normative judgements which support one or the other solution of the questions raised.

Finally, policies to support social inclusion also have to decide on the relative weight group specific measures of social policy should have in relation to universal benefits for larger parts of the society. As Silver has shown (1995: 78 –79) the idea of exclusion is very attractive to reformers who want to point on the inadequacies of welfare states implying that public policy should be much more targeted. There is, however, also another side of this coin. By "ghetto-izing" risk categories and targeting social expenditures on a specific group's attention from the general rise in inequality may be detracted. In a way, the debate on policies for social inclusion re-invent the old social policy debate on universality versus selectivity in social policy (see, for example, Davies, Reddin 1978) - a debate which has always led to ambiguous results.

II. THE NONPROFIT SECTOR

The role of NGOs is increasingly debated in politics and in the academic world. Also the Bank has considerable experience in working with various forms of NGOs. A handbook on desirable rules and regulations concerning the nonprofit sector is under discussion (World Bank 1997).

Still, the terminology adopted by various users is not at all clear. It is not the purpose of this paper to deal extensively with matters of definitions. Yet, a few words on terminologies have to be said. This is necessary in order to (1) prevent miscommunication and (2) to illustrate the heterogeneity of what is often called Nongovernmental Organizations (NGOs) or Nonprofit Organizations (NPOs).

1. Common Elements of Definitions

Among the various concepts of NGOs or NPOs at least two of them have found broader recognition, particularly because of their use in an international or transnational context. One approach is the "structural/operational definition" of NPOs in the Johns Hopkins Comparative Nonprofit Sector Project (Salamon, Anheier 1992: 10-11); the other one the pragmatic "list of features" suggested in the European Commission's Communication on "Promoting the Role of
Voluntary Organisations and Foundations in Europe" (European Commission 1997). According to these sources NPOs (or NGOs) share the following elements:

- They have some degree of **formal** or institutional **existence**, e.g. through some form of legal incorporation.
- They are **non-profit-distributing**, i.e. they are restricted from distributing profits to members or owners (although many sources define this feature in a slightly different way by stating that NPOs have **purposes other** than to reap profits for management or members).
- They are private in the sense of **institutionally separated from government**: they are **free to govern themselves** according to their own rules and procedures.

According to Johns Hopkins, a certain degree of **voluntary participation** is a further key element of an NPO which may be manifested by a certain amount of volunteer labor or by a significant portion of voluntary contributions as a source of financing. The EU paper asks for an activity that must be located to some degree in the **public arena**, which means that the NPO must aim to contribute towards the production of a **public good**.

### 2. Issue Relevant Typologies

The criteria mentioned are broad enough to allow for very different institutions to be counted as NPOs. This fact should not be interpreted as a weakness of the definition, but rather as an expression of the heterogeneity of the real world nonprofit sector. It is not the task of this paper to describe the various forms of NPOs as such. Yet, a few typologies are of special relevance for the issues discussed in this paper: If the Bank decided to make use of NPOs in their strategies to combat social exclusion, this may imply working with quite different forms of organizations serving different purposes.

In what follows the most important issue relevant typologies will be enumerated:

- **NPOs can take quite different sizes.** Large welfare organizations or foundations with several thousands of employees may have the form of an NPO, but working with NPOs may mean working with small grass roots groups with just a few members.
- **NPOs may differ in their political position** – a fact, which can be of high relevance for the Bank. Some NPOs define themselves as representatives of the political opposition; they would resent cooperating with the public administration, especially if the administration is not legitimized in a democratic sense. In other cases, NPOs may be important contractors of local governments.
- **NPOs may play a role primarily as a financing body** (e.g. foundations) or as a provider of services (e.g. Welfare Organizations).

---

1 For the purpose of this paper the terms NPO and NGO are used interchangeable. With regard to the existing definitions of these terms such a procedure is well justified (see World Bank 1997: 19). In practice, the term „NGO“ is mostly used in international organizations - as the World Bank -, stressing the difference between government organizations and „private“ organizations. The term NPO has a strong background in the Anglosaxon world, where the choice of terminology has expressed the difference between a nonprofit and a forprofit world (see Badelt 1997: 6).
• NPOs may be differentiated according to the degree of **collectiveness of output**. NPOs may concentrate on service delivery to others (the German "Fremdleistungs-NPOs", Badelt 1997: 5) or may concentrate on the production of collective goods to their members (interest groups, self-help groups, "Eigenleistungs-NPOs") or to the public as such.

• With regard to their **role in the political system**, they may be located in the forefront of government organizations ("verwaltungsnahen NPOs"), they may operate at a grass root level ("basisnahen NPOs") or they may be close to the system of the producing entities of a society ("wirtschaftsnahen NPOs") (Zauner 1997).

• NPOs may have various positions in the **employment system**. They may act as regular employers (as they in fact do to a significant degree in most developed economies), but they can also attract volunteers and semi-voluntary forms of work, thus building a bridge to the informal economy - an aspect which is of particular relevance in less developed countries.

• The benefits of NPOs may be accessible to the society with various **degrees of exclusiveness**. NPOs may be pure membership organizations (like private clubs), they may (voluntarily or forced by law) also offer their services to non-members (e.g. labor unions in some countries, advocacy groups). They may also be non-membership organizations at all.

This brief enumeration illustrates the broad range of choices the Bank may have if the decision is taken to use NPOs as a vehicle to fight social exclusion. In what follows a few general ways to implement this idea will be sketched. It could be the subject of a future research project to investigate in detail which types of NPOs would be most capable of dealing with different aspects of social exclusion.

**III. POLITICAL STRATEGIES: NPOs AS A MEANS TO SUPPORT SOCIAL INCLUSION**

Because social exclusion is broad, conceptual policies to support social inclusion have to be comprehensive as well. They have to touch several spheres of life, they have to be both process oriented and result oriented. While this section will concentrate on the role NPOs may play in such a concept, it is also useful to discuss the overall relevance institutional innovations may have in a strategy for social inclusion.

1. **The Relative Weight of Institutional Innovations**

A specific form of institution (like the nonprofit institution) can only be a small element in a broader political strategy to combat social exclusion. Although NPOs may have positive effects on social inclusion, it would be a naive exaggeration to pretend that NPOs would be a global remedy to cure exclusion phenomena – although assertions of this kind are sometimes made in public policy.

The relative weight NPOs may have within an inclusion strategy depends on the underlying understanding of social exclusion. This hypothesis can be illustrated by a few examples:
If social exclusion is interpreted according to the "specialization paradigm," NPOs would operate in a society characterized by a high degree of division of labor. In such an economy, basic economic security is granted through monetary incomes; social policy may provide income substitutes for groups of individuals who cannot earn enough money to purchase commodities for themselves. Here, it would be too much to demand from the nonprofit sector taking over the responsibility for material safety of the generation retired, for example. Thus, "exclusion from security" (section 1.2.1.) could never be healed by the nonprofit sector alone. On the other side, in a society with substantial household production and little division of labor informal arrangements for the elderly are conceivable.

In a society with a high degree of group egoism ("group monopoly paradigm," NPOs may have a specific role to reduce social exclusion, but there will be other areas which can only be tackled by the state. Some forms of group egoism may be overcome by NPOs, for example through membership organizations acting as interest groups in the sense of "countervailing powers." Other sources of social exclusion definitely call for the power of the state, for example in competition policy, for regulations to protect basic rights for dependently employees, etc.

In a society where missing social rights are in the center of social exclusion problems ("solidarity paradigm"), it would be exaggerated to shift the responsibility for solidarity to just the nonprofit sector, even if NPOs succeed in creating patterns which increase the potential of solidarity in society (for example by giving incentives to volunteer). Dismissing the public and commercial sectors from their social responsibility would not only be problematic from an ethical point of view. It would also be very ineffective.

These examples illustrate that institutional innovations (like supporting the development of NPOs) can never be the only way to effectively create a society of social inclusion. Nevertheless, investing into the institutional structure of a society may be a good compromise between two extreme political strategies: one extreme only relies on changes of individual behavior, the other insists on government interventions to change rules in a society (IILS 1996: 11). The compromise, in which NPOs gain importance, is based on changes in the institutional composition of societies: It changes rules in a way which helps individuals with their emancipation (process orientation), but it also improves the access to goods and services (result orientation).

If the ability of NPOs to work for social inclusion is sketched in this way, it becomes clear that NPOs have at least a double function: On one side, they are a potential provider of goods and services; on the other side, they can help to enable or speed up a process of social and interpersonal integration. These different approaches will be discussed in the following sections.

2. The Social Integration Argument

The process of social exclusion is strongly influenced by the institutional structure of a socioeconomic system. NPOs may serve as institutional tools to prevent social exclusion or to re-integrate citizens that are already affected by social exclusion. This potential role of NPOs goes
beyond the reduction of "exclusion from goods and services" (section 1.2.1.). It concerns all subsystems of society, as the following examples will illustrate.

2.1. NPOs as Means of Civic Integration

NPOs can be seen as an important element of a growing civil society. Especially the small, grass root oriented NPOs (for example, self-help groups) are locations in which solidarity actually happens. Larger and more established NPOs also claim to be an expression of civil society structures. They refer more to the voluntary memberships, the donations of time (volunteering) and money on which their work is based. In practice, they are supported by different subgroups of the society, quite often by less radical and economically better off individuals. But, at any rate, they represent activities of free citizens who are active in pursuing their interests and who are willing to build up collective structures themselves without relying on government help.

It is important to see the process oriented element of the argument. It goes without saying that NPOs also produce goods and services, which may help to reduce "exclusion from goods and services." While this aspect will be discussed in section III.4., the integration effect follows from the engagement of individuals in NPOs. This is an element to effectively reduce social exclusion.

A good historical example for this line of reasoning is the strong tradition NPOs have in community development. Here, the idea is to set up a sociocultural infrastructure in which marginalized groups can organize themselves, develop their own social structures and build bridges to the rest of society. Community development organizations, self help groups, employment projects, etc. have good records in this form of a re-integration process. NPOs have good chances to help building up social networks that prevent individuals from becoming marginalized. In general, they can do this better than any form of (public) social work. Yet, there is a certain danger of segregated subsystems emerging.

Another element of the potential of NPOs to support social integration refers to the political system. Some NPOs, especially political parties and interest groups, can help to build up political structures that are a prerequisite for political integration. Most democratic systems rely on NPOs. Building up a nonprofit sector, therefore, can be an important step for stabilizing a political system and for further steps in economic and social development. It should also be mentioned that NPOs have a specific role in organizing interests of groups otherwise deprived. Grass root cooperatives and community development organizations are good cases in point.

2.2. NPOs and the Procedural Aspects of Economic Integration

Apart from the direct provision of goods and services NPOs can play an important role in creating preconditions for economic integration. Socially excluded groups often lack access to goods and services, because they never have the chance to qualify themselves for participating in (labor) market structures. In situations like this, NPOs often educate or train socially excluded individuals to prepare themselves for becoming "players" in the markets or, to put it in terms of the "specialization paradigm," for being able to participate in exchange processes.
The most obvious examples to illustrate this role of the nonprofit sector is training for participation in the labor markets. It is not a coincidence that training of handicapped or long term unemployed people is often organized by NPOs. It needs an investment into this process goal in order to make social inclusion of these groups possible.

Preparing individuals for social inclusion is not confined to labor market aspects. Sometimes, broader educational work is organized by NPOs as well. NPOs may educate "mature customers" or entrepreneurs or teach deprived groups organizational skills, so that individuals gain the necessary knowledge and ability to help themselves, to approach government agencies or banks, etc. The best examples of this kind can be observed in developing countries; in principle, analogous problems arise in every society facing a rapid phase of transition, which asks for training activities of large groups in the society.

2.3. NPOs and Interpersonal Integration

In section 1.2.1., interpersonal integration has been described as another important element of social inclusion. Socially excluded groups suffer from not having friends, missing social contacts and, therefore, being isolated with difficult emotional situations. This constellation is often the starting point of other social problems, like violence, racism, etc. – particularly where young people are concerned.

There is no doubt that NPOs can also act as supporters and even substitutes for primary groups. People missing social contacts or meaningful relationships often find them in NPOs, for example through volunteering in interest groups, social clubs, churches, etc.

Moreover, some NPOs have the explicit goal to support primary groups in stress. Families who do not know where to turn with educational problems, counseling services for family crises, self help groups for young people threatened by marginalization, etc., are good examples of areas in which NPOs are active. In practice, the provision of social services to give support in these cases are an important element of local social policy. Not offering these services has been diagnosed as a cause for social exclusion (Room 1993: 15 – 17).

3. The Institutional Development Argument

Institutional development can also be interpreted in another sense. NPOs are capable of building an institutional basis for activities of the state or the commercial sector which are important in a process of social inclusion.
3.1. Institutional Basis for Commercial Activities

Within a broader development process, NPOs can take over a special role to support and stabilize institutions of the commercial sector. This has been tried successfully in EU programs for Eastern Europe (Brovetto 1998). NPOs can act as umbrella organizations for commercial enterprises (for example for small banks, for constructing companies; for the purposes of foreign trade, for certain groups of self employed), thus giving them more reliance and enabling them to act in a consistent way.

Umbrella organizations of this kind can serve as accrediting bodies, for example by setting and monitoring quality standards. In this way, they provide trust to contract partners and customers. The role of NPOs, therefore, goes beyond the commercial goals of private enterprises. NPOs do not pursue profit goals, themselves; they rather enable a commercial sector to be stabilized.

NPOs can also be developed as links between the commercial sector and potential consumers. Consumer Cooperatives are a good historical (and current) example for this policy. NPOs can help to make the power structure less uneven between marginalized groups and commercial enterprises which may be interested in offering services to them, when financial help is provided by the state. (Example: NPOs arranging transport services for elderly or handicapped people who receive financial, but not in kind help by the state).

3.2. NPOs as "Intermediary Bodies"

In theory and practice, the role of NPOs as intermediary bodies between other subsystems of the society has been emphasized. NPOs may link the informal sector with the government sector, the commercial sector with the government sector, etc.

Serving as an intermediary body is not confined to the areas of social services or social work, although there are good records of NPOs in this respect. The success of NPOs in the field of social work can be explained by the number of functions NPOs can perform better than government organizations. For example, NPOs are often perceived as more trustworthy than public bureaucracies. The barriers of potential clients to get into contact with an NPO are usually fewer than a social services department, for example. Another comparative advantage of NPOs follows from the danger of being stigmatized when being supported by a public social services department. To summarize: NPOs have numerous advantages to build bridges between the public sector and groups of the society that are threatened by social exclusion. Without the work of NPOs, social policy would have many more difficulties in reaching target groups.

What has been said for social work can also be generalized. The capability of NPOs to link with the grass roots of a society can also be very helpful outside the traditional areas of social work. NPOs may set up two-way channels of communication between government and individuals who could not be reached otherwise - quite often those who are already deprived in a multidimensional sense. In these cases, NPOs may have the best chances to give these groups
access to primary **health care** or basic **education**, as well as elementary forms of **political advocacy**.

The bridge building function of NPOs also refers to the **family system**. A good case is the organization of **care services**, for elderly or handicapped people. Whether or not care for the elderly can be organized sufficiently by the families, becomes more and more questionable. On the other side, organizing care just through paid social services will not be feasible due to the budgetary restrictions of most governments. One possible solution in this dilemma is a system of care in which families take over most of the every day work, but are supported by NPOs whenever their limits are reached. This help is usually financed by the state. Seen from the perspective of institutional arrangements, NPOs again serve as a link; they organize the cooperation between the private family network and government help.

4. **NPOs as Direct Providers of Services**

Apart from their role in the development of institutions, NPOs can act as direct providers of services to groups endangered or affected by social exclusion. This output-oriented view of NPOs is more obvious than the process-oriented elements discussed above. It is NPOs that quite often supply health or educational services, care for the elderly, help to families and single mothers, housing, etc.

While there are numerous examples of NPOs being active in this way, the question of the conditions under this is done more efficiently and effectively by NPOs has to be discussed in more detail. In this section, both theoretical and empirical arguments will be summarized.

4.1. "Institutional Choice" as an Economic Problem

Economic analyses usually concentrate on the choices of resources made by producers or on the choices of commodities made by consumers. Other choices have not received comparable interest. This is also true for "institutional choices." Why are certain goods and services provided by suppliers with a specific objective function along with specific constraints or with a specific ownership structure? The question of why some services are produced by NPOs instead of commercial enterprises ("private market organizations" or PMOs) or instead of government organizations (GOs) is a good case for the institutional choice problem.

In recent political debates, institutional choices have gained attention. Without a doubt, this is an effect of the general trend to reduce government responsibilities and to restructure the division of labor between the state and the private sector. Political controversies on this subject are often biased: On the one side, **production and financing** aspects of the choice decisions are confused. While the production may be private, governments can still take over the financing role. On the other side, the **domain of institutional choices** is usually defined too narrowly. Choices are not restricted to GOs or PMOs and the role of NPOs and even the responsibilities of the "informal sector" (families, other primary groups) have to be considered, as well. This is especially true for social services where responsibilities are mostly shared between those four providers instead of the usual two discussed in the traditional textbooks on public finance.
The role of NPOs in service provision, therefore, should be examined on the basis of rational choice decisions. Among other aspects, "rationality" means a clear definition of the criteria which should be applied. Following the tradition of economic thinking, efficiency and equity considerations are usually taken as key criteria of choices. When it comes to social policy decisions, the element of "equity" is often interpreted in a very broad manner. In practice, the economic understanding of "equity" is extended to a broader set of "political criteria," which are used to justify institutional choices. In the context of social inclusion, this aspect will play a special role.

The economic literature on institutional choices (see Weisbrod 1988, Badelt 1990, Rose-Ackerman 1996) was never explicit on the degree to which technological restrictions influence the possibilities of institutional choices. One could ask why choice decisions of this kind are mostly discussed for services and hardly for the production of high tech industrial commodities. In this paper, it is not necessary to make a final judgement on whether the seemingly technological restrictions are nothing else than other forms of economic restrictions (for example, in the demand for capital). At any rate, this difference becomes only relevant in the provision view and not in the financing view. It is also well documented that NPOs are generally more active in the service industries than in any other areas of the economy.

4.2. Main Theoretical Arguments in Favor of NPOs

Economic theories of the nonprofit sector usually differ between explanations of the founding of NPOs and of the behavior of NPOs. While the first question tries to shed light on the principal role NPOs may have in the institutional composition of an economy, the second question deals with the development of behavioral theories of organizations which can be defined as NPOs. For the purpose of this paper the first question is of slightly more relevance because it shows the principal advantages and disadvantages of NPOs compared to other institutions. The second question becomes important when concrete programs of the Bank rely on NPOs and when it becomes necessary to evaluate the actual behavior of NPOs.

Economic theory pictures the role of NPOs in the context of informational problems. Whenever the output of a service is difficult to monitor, quality measurement becomes a big problem and various forms of informational asymmetries emerge. This is the usual starting point for demand oriented approaches to explain the advantages of NPOs. Along this line of reasoning, consumers prefer getting services from NPOs and donors of time or money may find it more attractive to support NPOs. In both cases, NPOs are seen as more trustworthy than PMOs (see Ortmann, Schlesinger 1997). On the other side, GOs may not be in the position to provide sufficient amounts of services with the right quality; in these cases NPOs may step into the "niches" left over by the state.

2 To give an example: Hospitals have considerable needs of capital inputs; still there is a significant nonprofit share in the hospital industry.
The key arguments can be visualized in figure 1 (Badelt 1990: 57) which illustrates the logic of what has been called the "failure - performance approach" in the theories on the nonprofit sector. Traditional theory of market failure explains the deficiencies of PMOs to provide collective goods. GOs, on the other side, cannot meet all the needs for collective goods which leads to what Weisbrod (1977) has called "undersupply." This undersupply may have quantitative and/or qualitative dimensions. In any case, NPOs are expected to provide collective goods or merit goods to those groups in a society which are not taken care of by the state. Finally, in the direct comparison between NPOs and PMOs, the trust argument comes through - an effect which is usually coined as "contract failure" (Hansmann 1987).

Figure 1: Institutional Triangle

The failure - performance approach suffers from a number of problems that become relevant in the policy context of this paper. First, the deficiency of one institutional form does not automatically justify the conclusion that another institution may do better. Second, it is not clear at all whether consumers have actual possibilities to "choose" between various institutional forms. This may be of special relevance in poor or middle income countries where socially excluded groups may have no rights (or purchasing power) to make choices for particular services. Third, the approach does not comment on the role of the informal economy. The role of families or neighborhoods in providing services is beyond the scope of the analysis and, therefore, an aspect important in social inclusion strategies remains uninvestigated.

The role of NPOs is also explained from a supply perspective. Along this line of reasoning, "entrepreneurs" decide to use the institutional form of an NPO to reach their goals (see Badelt 1997a). These goals are usually different from economic gains. They may consist of social reforms, achieving particular environmental standards, gaining influence in political decisions, etc. Entrepreneurship may also occur in the political sphere. "Political Entrepreneurs" may found NPOs because they want to reach certain goals that they do not hope to reach through regular channels of the administration. Cases of this can be observed in low-income regions.
where the formal political structures may not be well developed. They also exist in highly developed societies where the founding of NPOs is, at times, the best way to evade the bureaucratic rules of public administration.

To summarize: Economic theories describe the main advantages of NPOs as being their ability to remedy deficiencies of other institutions. NPOs are seen as more trustworthy than commercial enterprises; they are said to counterbalance quantitative or qualitative undersupply of the public sector which becomes of particular relevance for groups who are not taken care of the state for political or financial reasons. NPOs also gain significant importance when preferences of customers of publicly provided services are heterogeneous. Finally, forming an NPO may be a wise strategy to reach entrepreneurial goals – private or public.

4.3. Empirical Aspects

In practice, economic theories of the nonprofit sector have the tendency to defend the advantages of NPOs without providing much material on the comparisons of NPOs with other institutions. Therefore, empirical tests are of special relevance. Empirical tests can help to find out the extent to which NPOs can and should be used to reach goals of public policy like social inclusion.

Because the nonprofit sector is very broad and heterogeneous (see section II), it is not possible to provide overall empirical tests on the total nonprofit sector. Rather, empirical evidence on special types of NPOs acting in specific regional and historical surroundings has to be searched for. In what follows, a few general trends will be reported (see, for example, Rose-Ackerman 1996).

The theoretical proposition of NPOs being founded as reaction to insufficient supply of government services has to be challenged in an historical perspective. On the one side, the exact opposite trend has been observed over decades in most welfare states. In a long run perspective, it has been a common feature of social policy that state responsibilities stepped in for activities of churches and informal helping systems, like the family. On the other side, there are also numerous recent examples of a reverse development with governments withdrawing for financial reasons leaving the field for the nonprofit sector. To some degree, this has been even declared as official political rationale – although the question of the financing of NPO activities has not always been solved.

In the context of these theoretical lines of reasoning, a specific function of NPOs has reached special attention. There is much evidence that NPOs have a significant innovative power. This is the result of excellent information channels NPOs can use when operating on a grass roots level. Moreover, this fact can also be explained by the incentive and motivation systems typical for NPOs. During the last 20 or 30 years, most social policy innovations in developed welfare states (for example, activities against violence, work with marginalized groups, probation services, etc.) have been invented in the nonprofit sector – even if a regular supply of services

1 American readers may be reminded of President Reagan's sentence, "Voluntarism is an essential part of our plan to give the government back to the people." (see Salamon 1995: 149)
was only possible through the financial support of the public sector. This innovative power of NPOs may also be helpful in social inclusion strategies. In recent years, (quantitative) empirical studies on behavioral aspects of NPOs have been made available to an increasing degree (for recent overviews see, for example, Rose – Ackerman 1996, Kingma 1997). While a representative survey of these findings would be outside the scope of this paper, a few trends can be summarized:

- Compared to other institutions, NPOs have significant advantages to attract volunteers. This means that they do not only have a supporting function for social integration; they also have relative cost advantages (at least on a micro level) over institutional competitors which cannot work with volunteers.
- NPOs may substitute for government services, but international comparative work shows a significant dependence of NPOs on public finances. Consequently, it is not realistic to simply devolve tasks from the government to the nonprofit sector without considering the financial implications.
- NPOs usually pay lower wages than commercial or public enterprises in the same industry. This phenomenon is likely explained by the immaterial incentives NPOs can give their employees.
- Although political advocates often claim general advantages of NPOs with regard to production costs or quality of services, empirical research in this area does not show a clear result. Therefore, comparisons of efficiency and quality have to be investigated on a case by case basis. It is pure ideology to assert that the nonprofit sector has always had advantages in this respect.

In general, one should be very cautious when the nonprofit sector is being praised as a global remedy for problems of public policy. Whether or not it is advantageous to have goods and services provided by NPOs has to be decided on a discretionary basis. This decision concerns the choice between the supply of NPOs and that of government organizations. With regard to market failure (for example as a consequence of asymmetrical information), the relative advantages of NPOs over commercial enterprises are striking; but the consequence of market failure may still be to ask for government regulations as has been done in the health care area.

### 4.4. Political Consequences

This brief summary of empirical evidence mostly referred to the efficiency aspect of the institutional choice decisions. A cautious policy implication of the ambiguity of the results would be to actively investigate the pros and cons of single contracting out arrangements.

There is much experience with contract management in well development welfare states (see, for example, Smith, Lipsky 1993). There is also a long tradition of NPOs acting as main contractors for international organizations responsible for a social development process (see, for example, Smillie, Helmich 1993). Some of the contract partners are located very close to government institutions, some of them only rely on regular government funding, others have the
policy to reject even this kind of support. While there are various studies available to describe the role of NGOs (NPOs) in traditional anti-poverty policies (for example the Bank's policy in Africa), this has not been done sufficiently from a social exclusion point of view. Going into this issue, therefore, would be a subject for a large scale research project, which could try to develop general criteria stating the conditions under which contracting out might serve efficiency goals.

Institutional choice decisions often follow political criteria. These criteria may or may not coincide with the usual economic connotations of "equity." In many cases, the political rationale in favor of NPOs is quite straightforward: In areas which – for political reasons – should not be left to the commercial sector (for example, in social services), the use of NPOs may symbolize a "privatization without commercialization." This strategy is offered as an acceptable political compromise in an intellectual climate where keeping government responsibilities have become more and more unpopular, particularly for social democratic political powers. If this line of reasoning is the dominant cause for political decisions, thorough efficiency considerations become irrelevant. They degenerate to academic questions without any practical impact.

Seen from an economic standpoint, these kinds of institutional choices broaden the usual equity or equality goals. The goals are not only defined in terms of output or distribution, they are also applied to institutional structures which are seen as politically acceptable or unacceptable. In other words, it is not only relevant to decide what groups in society should get what kind of services. A political decision is also made on the matter of who should have the right to earn income by organizing distribution policy. In this case, it might be an NPO and not a commercial enterprise.

Finally, a word has to be said on the matter of effectiveness. Critics of the nonprofit sector have often pointed out that NPOs may suffer from "failures" as well (see, for example, Salamon 1995). These failures may be the result of inefficient decision making structures, but they could also be a negative aspect of the use of volunteers if, for example, professional social work is needed and volunteers are employed to cut costs. There are also doubts on the reliability of volunteer work and on the distribution criteria NPOs may apply, especially if they operate at the forefront of churches or political interest groups, etc.

Again, it would not be justified to generalize these problems. The only appropriate generalization warns of deciding these complex measures on the basis of political prejudices. Without a doubt, the nonprofit sector has many merits; but a simple substitution of government activities by NPO activities can be very problematic.

IV. NPOs AND SOCIAL INCLUSION: POLICY IMPLICATIONS

Much of what has been said in the previous sections needs to be investigated more thoroughly both in theoretical and empirical terms. Therefore, one has to be very cautious making suggestions on general policy implications.

---

For an overview see Deacon et. al 1997: 154 - 158
First, it has to be made explicit that any policy to support social inclusion as defined in section I.3. goes far beyond the scope of anti-poverty measures the Bank has taken or supported thus far. Social inclusion reflects an extensive interpretation of "social risk management" as currently discussed in the Human Development Network. Policies to combat social exclusion strongly influence the social structure of a society and also refer to personal and social integration. Compared to the past, implementing such policies would involve a **paradigmatic change**. This mere fact will probably lead to controversial positions within the Bank.

If such a paradigmatic change were approved, the Bank would have to take a number of political decisions, a selection of which will be outlined in this final section.

### 1. Decisions the Bank will have to make

Formulating policies for social inclusion will require answers to a number of (political) questions – some of them being very controversial.

The **first decision** refers to the **desirable scope of government influence** in target countries. It will be necessary to come to a political decision on desirable borders between government, commercial and private nonprofit activities. As the public finance textbook makes clear, such a definition of (public) responsibilities has to be made explicitly for the financing and the production perspective. It is a **political** question to decide how far commercial activities should be developed.

A decision of this kind should be based on a clear strategy: whether NPOs should be privileged on political grounds and whether it is seen as politically acceptable to have commercial enterprises make money in policies to combat social exclusion. An answer to the first aspect indicates a basic value judgement on a desirable "economic order" which means a clear statement on how far a market system should be supplemented by non market institutions applying allocation criteria other than profits and prices. While such an option is usually critically viewed by rightwing political groups, the second aspect is challenged more from leftwing political angles. Is it legitimate to have commercial enterprises work for social goals the government has declared? And, to what extent may they be supported or may they cooperate with NPOs?

Only after these basic questions have been clarified, can a rational ("institutional choice") decision on outsourcing of (formerly) government activities (to NPOs and/or to commercial enterprises) be made.

**Secondly**, certain **areas of society** (or of the economy) have to be defined upon which **development efforts** should be concentrated during the next few years. This has an important impact on the possible role of the nonprofit sector which is more capable of supporting services industries than areas of material products. As was shown in section III, NPOs are of specific relevance in services industries where informational problems exist. If policies emphasize the development of a sociocultural infrastructure, the potential of the nonprofit sector should be considered in particular.
A third important set of decisions deals with the political power structure seen as desirable in target areas. Large NPOs tend to develop a power structure that may be opposed to or which may support the official democratic institutions. Apart from this general problem, NPOs often lack democratic legitimization which has to be considered in the development of a political structure. In many developing countries, even anti-democratic forces are organized like NPOs – for example as political movements, formal interest groups, tribal organizations, etc. General support uncritical of NPOs may be counterproductive in this respect.

A special problem to take into account in this respect is the role of churches in target countries. In most societies, the nonprofit sectors have strong links to religious powers. This may or may not be a problem for the Bank's policy. It is necessary to bear in mind that, for example, radical Islamic groups may be organized as NPOs as well, as this is usually the case for Christian welfare organizations as well.

A fourth set of questions to be solved refers to policies toward different types of NPOs. As was shown in section II, NPOs differ considerably in size, employment power, political position, degree of collectiveness, etc. Therefore, it is an illusion to develop a policy toward "the" nonprofit sector. The Bank has to make up its mind on what forms of NPOs are seen as potential partners and which NPOs are seen as critical or opposing the Bank's goals. To give an example, the Bank may have to decide whether or not to support a grass root group which, after being established, may heavily criticize the political structures, including the World Bank.

Finally, a number of decisions concerning the relationship between the nonprofit sector and forprofit firms have to be made. An important example deals with the future rules of competition between the nonprofit sector and the commercial sector in a society. The matter of "unfair" competition between NPOs and the commercial sector has caused growing concern in developed countries (Weisbrod 1998). Similar problems will come up if NPOs receive significant support in developing processes. This again calls for a political decision on the amount of privileges to which NPOs should be entitled. The problem becomes especially difficult when NPOs are successful and start to threaten commercial enterprises that do not receive the same public support.

The Bank would also have to develop a strategy concerning NPOs "in disguise." As a consequence of favorable (tax) legislation, it may be attractive for commercial enterprises to found NPOs (for example, foundations) and use them to promote their own interests. Therefore, the Bank has to decide on the extent to which commercial enterprises should be allowed to act through NPOs.

2. Kinds of Measures the Bank will have to take

Depending on the political decisions outlined above, there are a number of principle measures which have to be taken in order to involve NPOs in a strategy for social inclusion. Both direct and indirect measures have to be considered.
As a first set of direct measures, the Bank will have to define partners in the local (or international) nonprofit sector which should be chosen for cooperation. Because this has to be done for all the strategies sketched in section III, this choice will be broad and diverse. The process of identifying these partners will need careful planning. It will be necessary to develop reliable information channels with organizations or individuals having an excellent knowledge of the local circumstances. Goals for specific missions in which new partners should be involved will have to be defined exactly and have to be communicated in a way that is understandable to local groups. As a next step, techniques to get potential organizations to apply have to be developed. This may require time-consuming support and educational activities.

When NPOs work for or together with the Bank, the role of the Bank gradually shifts to that of a monitoring body. It will be necessary to (re)define rules for various aspects of NPO-activities, like the quality of services (including quality of inputs as well as the accomplishment of distributive goals) or accounting and reporting standards. The Bank has to reveal criteria on the allocation of funds to NPOs or to local authorities (if they are given under the condition that they are to be used for the work of NPOs). Finally, it will be necessary to organize the actual process of monitoring. It must be clear which organizational unit will monitor which rules as it will be important to define consequences for non-compliance with these rules.

Last, but not least, the Bank should set indirect measures giving incentives to local governments to define rules on the development of a nonprofit sector. This may refer to the basic features of an institutional infrastructure as such, but it also refers to concrete legal standards (for example in tax law or in civil law) as discussed in the Bank's Handbook on Good Practices for Laws Relating to Non-Governmental Organizations (World Bank 1997).

To summarize: Integrating the nonprofit sector in a strategy for social inclusion is a considerable challenge. NPOs have a number of features making this effort potentially successful. However, implementing such a strategy needs a great amount of detailed preparatory work. If the Bank decides in favor of this strategy, these details could be developed in a research project making use of practical experiences and applying theoretical arguments that have been provided by applied social sciences.
REFERENCES


<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>9915</td>
<td>Evaluating the Impact of Active Labor Programs: Results of Cross Country Studies in Europe and Central Asia</td>
</tr>
<tr>
<td>9914</td>
<td>Safety Nets in Transition Economies: Toward a Reform Strategy</td>
</tr>
<tr>
<td>9913</td>
<td>Public Service Employment: A Review of Programs in Selected OECD Countries and Transition Economies</td>
</tr>
<tr>
<td>9912</td>
<td>The Role of NPOs in Policies to Combat Social Exclusion</td>
</tr>
<tr>
<td>9911</td>
<td>Unemployment and Unemployment Protection in Three Groups of Countries</td>
</tr>
<tr>
<td>9910</td>
<td>The Tax Treatment of Funded Pensions</td>
</tr>
<tr>
<td>9909</td>
<td>Russia's Social Protection Malaise: Key Reform Priorities as a Response to the Present Crisis</td>
</tr>
<tr>
<td>9908</td>
<td>Causalities Between Social Capital and Social Funds</td>
</tr>
<tr>
<td>9907</td>
<td>Collecting and Transferring Pension Contributions</td>
</tr>
<tr>
<td>9906</td>
<td>Optimal Unemployment Insurance: A Guide to the Literature</td>
</tr>
<tr>
<td>9905</td>
<td>The Effects of Legislative Change on Female Labour Supply: Marriage and Divorce, Child and Spousal Support, Property Division and Pension Splitting</td>
</tr>
<tr>
<td>9903</td>
<td>A Bundle of Joy or an Expensive Luxury: A Comparative Analysis of the Economic Environment for Family Formation in Western Europe</td>
</tr>
<tr>
<td>9901</td>
<td>Active Labor Market Programs: A Review of the Evidence from Evaluations</td>
</tr>
<tr>
<td>9818</td>
<td>Child Labor and School Enrollment in Thailand in the 1990s</td>
</tr>
<tr>
<td>9817</td>
<td>Supervising Mandatory Funded Pension Systems: Issues and Challenges</td>
</tr>
<tr>
<td>9816</td>
<td>Getting an Earful: A Review of Beneficiary Assessments of Social Funds</td>
</tr>
<tr>
<td>9815</td>
<td>The Quest for Pension Reform: Poland's Security through Diversity</td>
</tr>
<tr>
<td>No.</td>
<td>Title</td>
</tr>
<tr>
<td>------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>9814</td>
<td>Family Allowances</td>
</tr>
<tr>
<td>9813</td>
<td>Unemployment Benefits</td>
</tr>
<tr>
<td>9812</td>
<td>The Role of Choice in the Transition to a Funded Pension System</td>
</tr>
<tr>
<td>9811</td>
<td>An Alternative Technical Education System: A Case Study of Mexico</td>
</tr>
<tr>
<td>9810</td>
<td>Pension Reform in Britain</td>
</tr>
<tr>
<td>9809</td>
<td>Financing the Transition to Multipillar</td>
</tr>
<tr>
<td>9808</td>
<td>Women and Labor Market Changes in the Global Economy: Growth Helps, Inequalities Hurt and Public Policy Matters</td>
</tr>
<tr>
<td>9807</td>
<td>A World Bank Perspective on Pension Reform</td>
</tr>
<tr>
<td>9806</td>
<td>Government Guarantees on Pension Fund Returns</td>
</tr>
<tr>
<td>9805</td>
<td>The Hungarian Pension System in Transition</td>
</tr>
<tr>
<td>9804</td>
<td>Risks in Pensions and Annuities: Efficient Designs</td>
</tr>
<tr>
<td>9803</td>
<td>Building an Environment for Pension Reform in Developing Countries</td>
</tr>
<tr>
<td>9802</td>
<td>Export Processing Zones: A Review in Need of Update</td>
</tr>
</tbody>
</table>
Summary Findings

This paper reports on a pilot study on NGOs and social exclusion. The purpose of the study is to present the main topics to be investigated by the Bank in the future, if policies to reduce social exclusion relied more on NGOs than they do at present. Section I gives an overview of the different concepts and dimensions of social exclusion. Section II reviews the definitions and various forms of nonprofit organizations (NPOs) which may be of relevance for the Bank's policies. Section III discusses the role NPOs may actually play in a strategy to fight social exclusion, while Section IV suggests some policy implications.

About this series...

Papers in this series are not formal publications of the World Bank. They present preliminary and unpolished results of analysis that are circulated to encourage discussion and comment; citation and the use of such a paper should take account of its provisional character. The findings, interpretations, and conclusions expressed in this paper are entirely those of the author(s) and should not be attributed in any manner to the World Bank, to its affiliated organizations or to members of its Board of Executive Directors or the countries they represent. For free copies of this paper, please contact the Social Protection Advisory Service, The World Bank, 1818 H Street, N.W., Room G8-138, Washington, D.C. 20433-0001. Telephone: (202) 458-5267, Fax: (202) 614-0471, E-mail: socialprotection@worldbank.org or visit the Social Protection website at www.worldbank.org/sp.