



Fundingscheme
Marie Curie Actions—Networks for Initial Training (ITN)
Call (part) identifier FP7-PEOPLE-ITN-2012
Project number 317321 ChangingEmployment



Changing Employment Annual Colloquium 1

& Network School 2

Comparative Labour Sociology, Paris, 18-25 November 2013

Monday 18 November

Network School 1 – Applied Training

16:00-18:00 Third Sector Funding Proposals

(AP6-Gareth Mackle CAIRDE)



Third Sector Funding Proposals

Third Sector – a politically contested space

In our increasingly neo-liberal world order the social policy prescriptions of the European Social Democratic compromise have come under intense pressure. The classic welfare state model is being set aside in many member states in favour of a hidden welfare state of tax expenditures, incentives and regulations. **This has, in turn, changed the role of the state and its agencies in those countries from welfare state guarantor to regulator, grant-giver and public service market maker. This, as we shall go on to see, can have a profound effect on how the contribution of the social economy is understood.**

In the face of current trends towards the hegemony of market forces, it might have been anticipated that it would be more difficult to hold onto those values that privilege **common purpose, co-operation and solidarity (i.e. those that characterise social economy approaches) over individualism, meritocracy and competitive rivalry.** But an argument can also be employed in reverse – that these are precisely the circumstances under which social and moral values are most likely to be re-evaluated and re-asserted.

Aspects of the social economy or third sector are being debated at all levels from the international (OECD) and the European (European Commission), through significantly different national perspectives, to regions and localities. While the “challenge to Social Europe” is a popular slogan for EU level debates, other critical debates about economy and society have a French, Nordic or Anglo-Saxon cultural flavour for example, or are set at national or regional level depending on different relevant priorities.

Above all, the last decade has seen intensely local debates about how wider non-market and common purpose issues like social justice, the quality of life and the environment are to be dealt with in the context of globalism and neo-liberalism.

Researchers and officials have traditionally emphasized the third sector’s role in the production of a ‘voice’ or ideology for different socio-economic classes, interests or vulnerable groups, as well as its role as creator or facilitator of ‘social capital’ inhabiting the space between the market and the state.

However, a new research tradition since the mid-1980s has also come to focus on the growing importance of third sector organisations in providing mainstream services within what can be viewed as the core domains of the welfare state - a focus which among other things has affected how politicians and public sector officials view the sector.

Advocates for the social economy have emphasised the potential for social economy organisations to act as a conduit for greater participation and democratic engagement. This is more than simply fostering social inclusion; rather it is a way of empowering individuals who, for a variety of reasons, have been excluded and marginalised.

Rather than seeing social economy organisations as a way of controlling costs, supporters say there is a need to shift the focus to social economy organisations as tools for investing in people. Without public officials who are sensitive to the direct and indirect problems associated with social marginalisation, and without adequate private funding, the focus upon managerial and organisational efficiency in public spending/contracting requirements can effectively weaken and crowd-out the ability of social economy organisations to foster community empowerment.

There are some identifiable common characteristics of the Third Sector as independent, nongovernmental bodies that have an ambition to create a different sort of economy – one that has a different approach to the organisation of work and production and the distribution of surplus.

- **Independence:** an organisation must be constitutionally independent and not directly controlled by a for-profit organisation or the State;
- **Self-governing:** an organisation must have its own internal decision making process;
- **Non-profit distributing:** an organisation must make no payments (other than for reasonable out-of-pocket expenses or other payments allowed by the governing document e.g. for occasional professional services or for grants) to its members or trustees (unless the organisation is a community interest company, where any dividends paid are subject to the regulator's cap);
- **Voluntarism:** an organisation must benefit from a meaningful degree of philanthropy such as gifts in kind or of time, including volunteers and a majority of non-paid trustees. For example, any organisation that has at least three trustees who give their time is considered to benefit to a meaningful level;
- **Public benefit:** an organisation must be able to demonstrate that its objects and activities benefit the wider public and/or that it makes its benefits available to as wide a group of people as possible within its remit. Also, that it operates in ways that are open, democratic and inclusive rather than elitist and exclusive. The governing document should have a clause ensuring that, on dissolution, any remaining assets after the satisfaction of any proper debts and liabilities are redistributed to (a) similar organisation(s).

GLOSSARY

Civil society

Civil society may be defined as a space or arena between households and the state, which affords possibilities of concerted action and social organisation. Thus, it encompasses all voluntary associations of citizens, whether politically motivated or active or not (although the term carries an implication of political consciousness and activity): business, labour, nongovernmental organisations, churches, special interest or purpose groups.

These elements are the constituents of civil society, but none can individually be representative of it. Business is often excluded, although the OECD does include it, given that channels of communication between traditional organised business and labour and government are generally well established. Most frequently the term is used interchangeably with "NGOs" where the term "NGO" refers specifically to activist groups, although these are simply one category of civil society as a whole.

Co-operative

A co-operative is an association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and

democratically-controlled enterprise. Examples of cooperatives in Europe can be traced back to the 19th century.

The International Labour Organisation has recently (2003) suggested that cooperatives should be based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity and share the principles of: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and, concern for the community, which were identified by the International Co-operative Alliance in 1995.

A co-operative includes one or more kinds of users or stakeholders: 1) consumers who use the enterprise to acquire products or services (such as a retail co-operative, housing, healthcare or day-care cooperative); 2) producers (such as independent entrepreneurs, artisans, or farmers) who use the enterprise to process and market the goods or services they produced, or to buy products or services necessary to their professional activities; and 3) workers who use the enterprise to secure their employment and control their working conditions.

Co-operatives operate democratically (one person, one vote) through two bodies (general meeting of the members or delegates, and the board of directors, which is composed of members elected at a general meeting). The delegate structure may be required to reflect the size of the organisation or the distance covered by the cooperative.

The co-operative's start-up capital usually comes from co-op shares purchased by members. Since 1980, special co-operatives, known as social co-operatives, have become more widespread in OECD member countries.

Foundation(s)

Foundations are philanthropic organisations, organised and operated primarily as a permanent collection of endowed funds, the earnings of which are used for the long-term benefit of a defined geographical community or non-profit sector activity. Foundations operate as grant-making institutions, and also as providers of social, health and cultural services. It thus provides a significant link between the private and non-profit sectors, acting as a recipient of private capital and a funder of non-profit organisations.

Foundations are tax-exempt, incorporated, not-for-profit, organisationally autonomous, and cannot be controlled directly or indirectly by government at any level, corporations, associations and their members, or individuals).

Because they occupy a unique and central place in the non-profit sector, the development of foundations will strongly affect the future of the sector as a whole.

Mutual organisations/societies

A mutual organisation is an organisation owned and managed by its members and that serves the interests of its members. Mutual organisations can take the form of self-help groups, friendly societies and co-operatives.

Mutual organisations exclude shareholding as they bring together members who seek to provide a shared service from which they all benefit. They are widely represented in the insurance sector.

Non-profit sector

The best known definition, while not commonly shared, particularly in European countries, is undoubtedly that supplied by the Johns Hopkins University in Baltimore (www.jhu.edu/~cnp/). According to this definition, the sector includes organisations which are voluntary, formal, private, self-governing and which do not distribute profits, such as hospitals, universities, social clubs, professional organisations, day-care centres, environmental groups, family counselling agencies, sports clubs, job training centres, human rights organisations and others. In fact, entities belonging to the non-profit sector can vary from country to country according to national history and tradition.

The term non-profit, born in the USA, refers mainly to the absence of profit distribution. This is substantially different to the European approach of “social economy”, which includes co-operatives. However, this difference is less significant when investigated through empirical research.

C. Borzaga and J. Defourny (The Emergence of Social Enterprise, 2001, Routledge, London) argue that the distribution of profits is in any case limited by internal and external regulations in co-operatives and mutual organisations in European countries.

Social economy

The term “social economy” first appeared at the beginning of the 19th century in France. It was, nevertheless, only at the beginning of the 20th century that it began to be employed to indicate various entities aimed at improving collective working conditions and individual lives. This concept is now also used by Anglo-Saxon countries to refer to the production of goods and services provided not solely by the non-profit sector, but also, in some cases, by private enterprises with shareholder agreements that force the majority of shareholders to agree to social objectives undertaken by the firm. Among the organisations belonging to the

social economy, one can find associations, co-operatives, mutual organisations and foundations. This type of economy is essentially regulated by the stakeholder principle, which stands in stark contrast to the notion of shareholder capitalism. The “social economy” is a broader concept than the non-profit sector, as it is less strictly bound to the non-distributional constraint, according to which organisations cannot legally redistribute their surplus to their owners (see also “Third Sector”).

Social enterprise

An organisation form which has flourished in recent years, many definitions of social enterprise exist. Apart from academic definitions, and those elaborated by international organisations, which are built around general criteria, definitions used within countries are specific to the national understanding of the phenomenon of social enterprises. Increasingly countries are developing legal definition of social enterprises. Generally, this concept refers to any private activity conducted in the public interest, organised with an entrepreneurial strategy and whose main purpose is not the maximisation of profit, but the attainment of certain economic and social goals, and which, through the production of goods and services, brings innovative solutions to problems such as social exclusion and unemployment (see Social Enterprises, OECD, 1999). In this way, social enterprises combine the entrepreneurial skills of the private sector with a strong social mission that is characteristic of the social economy as a whole.

Social enterprises are part of the thriving and growing collection of organisations that exist between the private and public sectors. They come in a variety of forms including employee owned businesses, credit unions, cooperatives, social co-operatives, development trusts, social firms, intermediate labour market organisations, community businesses, or charities’ trading arms. They mainly operate in two fields of activity: the training and integration into employment of persons excluded from the labour market, and the delivery of personal and welfare services.

Solidarity economy (économie solidaire)

The idea of the solidarity economy is mainly used in France and Canada (Quebec), and is also widespread in Latin America. It has different meanings according to the geographical context in which it is used: in the South American context, it mainly refers to fair trade and the popular economy, in Quebec it is linked to cooperatives, non-profit enterprises as well as to community economic development (mouvement économique communautaire) and in Europe to solidarity initiatives, mainly, but not exclusively, in the proximity services. Sometimes the term is used in association with the term social economy (as in Quebec) and sometimes in opposition to it, notably where the social economy is seen as composed of

established organisations, while the solidarity economy mainly refers to non-established citizens' initiatives aimed at experimenting with new paths of economic development. In the European context, examples such as the fair trade movement are developing inside the sector, together with innovative forms of financial/non monetary-exchanges based on reciprocity.

Third sector

The concept of "third sector" is often used as a synonym to the non-profit sector and, more recently, also to "social economy", particularly in European literature. The term was chosen to reflect the idea that the sector assembles these otherwise disjointed entities, and that it sits between the public and private sectors and follows unique social goals and internal organisational rules. Its mode of financing is mixed, as it can seek both private and public funding. The idea of establishing a distinct "third sector" has given rise to many hefty debates, which have centred upon the danger of using the third sector as a residual sphere or "dumping ground" for those individuals excluded from the private and public sectors. To avoid the danger of social polarisation, the third sector should not merely be seen as an alternative route or juxtaposition to the public and private sectors, but as an interactive and reflexive component of economy and society. Others have argued that the boundaries of the third sector cannot be established with certainty, and for this controversial reason the European Commission preferred the use of the term "Third System".

Third system

The term "Third System" was first utilised by the European Commission in 1997 and refers to the economic and social fields represented by cooperatives, mutual companies, associations and foundations, as well as all local job creation initiatives intended to respond, through the provision of goods and services, to needs for which neither the market nor the public sector appear able to make adequate provision. On the initiative of the European Parliament, in 1997 the European Commission introduced a new pilot action entitled "Third System and Employment". The aim of the action was to explore and enhance the employment potential of the "Third System" with an emphasis on the areas of social and neighbourhood services, the environment and the arts.

Third Sector and Government

The UK government defines the third sector as non-governmental organisations that are value driven and which principally reinvest their financial surpluses to further social, environmental or cultural objectives. Third sector organisations work on objectives benefiting society. They include:

- voluntary and community organisations
- charities
- social enterprises
- cooperatives and mutuals
- housing associations
- credit unions

From a political perspective, social economy organisations have proven to be successful in promoting new forms of local democratic participation and empowerment, owing to their capacity to contribute to a participatory democracy wherein citizens can actively express their commitment to economic and social development and civic life in their country.

For sections of both the left and the right, the third sector is seen as a legitimate alternative to public and private provision. For the left, the third sector is not as bad as private ‘for-profit’ companies in the welfare field. **‘For-profit’ enterprises tend to stress the importance of monetary rewards and need a hierarchical organisation in order to implement them, while co-operatives and non-profit organisations derive their strength from the social goal pursued, inclusiveness, and the democratic nature of the governance structure.**

For its part, the right wing argues that there is a need for alternatives to the state in general and that non-profit could be one option.

Swedish academic Lars Svedberg (1996) has labelled third sector organisations as ideological baseball bats, since they are used by different political sides to either defend or seek to dismantle the current organisation of the welfare state.

Others see the social economy in the contemporary world as a Trojan horse facilitating “the marketisation of the social realm” – that is, the penetration of what was traditionally the sphere of publicly delivered public services and the third sector by market based forms of contracting and exchange.

The ‘social enterprise’ agenda has moved at breath-taking speed in Britain and Ireland. From being part of the domain of enthusiasts for the social economy, social enterprise became widely discussed, increasingly widely written about and, most importantly of all, adopted in government policy.

What was envisaged, particularly in Blairite Britain, however, was to create “new enterprise vehicles” to sit within a context of the revival of all forms of enterprise in the nation’s most deprived areas. These would, of course, sustain themselves largely in the manner of all businesses – gaining and

sustaining a market position, generating revenue from trading activity, capturing surpluses for investment and growth and using their credit status and asset base to attract loan finance or outside equity.

What was being described was, of course, an overt strategy of the New Labour government for public service reform – seeing the key players of the social economy encouraged to adopt a business format and, more significantly, making it clear that this approach was likely to be regarded as the prime (if not perhaps the only) source of available government support for the future.

There seems little doubt that substantial pressures do exist for the organisations of the social economy to be both “better businesses”, where they can aspire to that label, and “more business-like” if they cannot.

There are worries that seeing social enterprise through this narrow lens and promoting it so powerfully will put all of those elements of the social economy that are not subject to measurement in business (even social business) terms at serious risk.

Each EU state will have a view on the merits and disadvantages of the extension of neo liberal market economics and the ways that human and social values are to be successfully preserved. Each state will undoubtedly evolve a different take on the social economy that reflects its own culture and history.

“Is the social economy predominantly seen as the basis for a radical grand narrative or a more limited “toolkit” to fix the social problems that arise out of the return to increasingly unfettered market forces?”

During the 1990s, international financial crises for both state and municipalities meant the ideological discussion around the third sector became much more politically pragmatic and the overwhelming theme was the search for alternatives in solving ‘welfare problems’. In the process of outsourcing services from the public sector, the third sector grew to some extent, but the private sector was a much greater beneficiary.

In the meantime, economists tend to use the term “capitalism” to portray the overall system of economic organisations that may be found in advanced economies. Until 20 years ago, economic theory described firms as production functions aimed at maximising profit. It claimed that social economy organisations, such as co-operatives and non-profits, had a marginal and residual role in market economies. This ignores the fundamental contribution to our economic development by organisations that pursue goals other than profit. It is important to note that there has been a recent growth in numbers and in the economic relevance of organisations pursuing goals other than profit. There has also been an increase in the number, and economic relevance, of non-profit organisations producing goods and services with entrepreneurial behaviour.

In short, the existence of non-profit organisations can usually be traced back to the presence of market and state failures in satisfying the demands of social and collective interests, within the criteria of reasonable cost and quality. **The fact remains that the social economy is an alternative ideology that privileges solidaristic working, social and distributive justice, and quality of life and the environment over the demands of the free market. It is at least in a world of dominant neo-liberal ideology a place where such debates can continue to take place.**

Funding – power and political patronage

As the social policy prescriptions of the European Social Democratic compromise have come under intense pressure, the classic welfare state model is being set aside in many member states in favour of a hidden welfare state of tax expenditures, incentives and regulations. This has, in turn, changed the role of the state and its agencies in those countries from welfare state guarantor to regulator, grant-giver and public service market maker.

How states define the social economy has important consequences for the way in which social economy organisations function, and the resources which are made available to them. In the UK and Ireland for example, ‘social enterprises’, a term which began to develop in the 1980s, are not normally engaged in advocacy activities as a major goal, or in the redistribution of financial flows, rather they are primarily involved in the production of goods or the provision of services to people on a continual basis, with a social aim and normally with a non-profit distribution constraint.

Since the funders for a significant part of the social economy are governments; it might be argued that there is no effective radicalism at work here – just an alternative (third) way of marshalling new social forms to find solutions to pressing problems. Where, however, there is more evidence of room for radical or alternative intent is that the social economy approach brings into play issues about voice, participation, democratic engagement, partnership, empowerment, etc.

Despite the narrow instrumental objectives that often define their grant-funded actions, the trustee organisations of the social economy are drawn in, by definition, to uphold values that privilege the democratic and inclusive approach and social values over individualism and market forces.

Three main sources of funding are available to social economy organisations:

1. Public / government funding.

2. Activities which generate income, including membership fees, the sales of goods and services, etc.

3. Philanthropy.

The relative importance of all three sources varies, depending on the local circumstances and governmental policy in each country. It is important to emphasise at this point that according to the John Hopkins Comparative Research Project (which surveyed third sector organisations in 35 countries), 53% of the income of social economy organisations is generated through fees for services, economic activities, investments and other income generating activities, in comparison to government funding (35%) and philanthropy (12%) (Salamon, Sokolowski and List, 2003).

The John Hopkins Survey illustrates that, at the global level, social economy organisations active in the health and social service fields benefit the most from government funding. Social economy organisations engaged in culture, education, regional development, environment and advocacy rely mostly on economic activities, while religious organisations and those involved in international development receive most of their funds through philanthropic giving.

Recent data shows that the amount of government funds available to social economy organisations in Western Europe varies from 29% of the total civil society organisation revenue in Sweden and 35% in Norway, to up to 77% in Belgium and Ireland.

Government funding can be distributed through several traditional forms: subsidies, grants, procurement, per capita fees or vouchers. These funds can be distributed from central level budget (through the parliament, ministries, lotteries, privatisation proceeds, public funds and foundations) or through the budgets of local governments.

Subsidies are generally distributed to social economy organisations whose contribution to government policy implementation are considerable and may therefore serve as a general indicator of the public sector's recognition of civil society. (Funding through subsidies is usually given to major international agencies (such as the Red Cross), national interest representation groups (such as Associations of Pensioners), major service providing organisations, and a very few advocacy organisations.

Grants, on the other hand, are generally awarded through an open tender-type application process and can provide funding for a range of targeted activities, from the delivery of social services (such as in Germany, Croatia and the U.K.) to the implementation of programmes from the country's international development aid obligations (as in Sweden, Denmark and Germany).

The procurement mechanism regulates the government purchase of goods and services delivered by the social economy organisations. The challenge of this mechanism is that social economy organisations generally bid together with other service providers, such as businesses, and may be unable to meet technical requirements (such as collateral) or achieve the high standards usually set by governments.

There is no simple solution to the question of how social economy organisations can find the most appropriate source of funding for them and each has potential costs, and benefits, associated with it. Whilst some social economy organisations may benefit more from income-generating activities, particularly those who provide goods and services, it may not be an appropriate approach for all social economy organisations. Accordingly, some organisations will be more promiscuous than others in some of their associations with the state and the private sectors.

In both the short and long term future the burning question for the social economy is then: "What are the available routes to financial sustainability and what impact will choosing a particular route have on it?"

Social service organisations rely more on government support, while advocacy organisations benefit from philanthropy and self-generated income. Consequently, none of the three main sources (government funding, income-generating activities and philanthropy) are going to provide an effective solution for the sector if considered independently.

Continued financing from the public mainstream might make for the least radical change – provided (and this is the real issue) the choice to rely on this route can be assumed still to exist and can be readily sustained.

The Panel on the Independence of the Voluntary Sector, chaired by the former head of Barnardo's, Sir Roger Singleton had as its central message:

"A charity sector reliant on government contracts would find it difficult to criticise government policy."

This is undoubtedly true and applicable to much of the third sector at both a national and local level. Our own advocacy work, and particularly criticism of local and regional government policy, is tempered by our varying levels of reliance on local authority and NI Assembly grants. This also filters through to SEUPB dominated structural grants – the decision making bodies for which are dominated by local political apparatchiks who shamelessly use their influence and authority to reward and cultivate their electoral bases.

Sometimes, it's because there are gagging orders in government contracts. It's not a matter of discretion; it's a matter of law. Other times, social economy organisations self-censor, on the basis that this dance never ends – they will always be bidding for new contracts and funds. The need to be looked on favourably by the Department for Culture, Arts and Leisure, or the local authority, or the Department for Social Development, will never go away.

Very large third sector charities have, for some time, been operating like very large businesses. They have to; they're bidding against G4S or A4e for the same work; they have to be competitive on price (which is to say, drive down wages in their own organisation) and they have to practise the distinctive discretion of the business world, where all statements are anodyne, because opinions cost customers but generate no revenue.

It all sounds both straightforward and inevitable – whether by contract or grant, the third sector will always be part-funded by the state. They will never be in a great position to bite the hand that feeds them, so they should leave the hand-biting to other organisations, social economy organisations that don't bid for contracts and can therefore afford to be inflammatory.

Those organisations do exist – the food bank charity, the Trussell Trust in the UK, receives no government money, and its ability to be outspoken as a result has made a huge difference to our awareness of how many people are going hungry. Save the Children basically refused to give up on campaigning, launching a project last year for deprived children in the UK. It was a brave and controversial move, and basically sealed its status as a thorn in the government's side. The Child Poverty Action Group has always taken campaigning as its fundamental purpose.

In the main, though, the large charities stay silent, and the medium-sized and smaller charities take their lead from the larger organisations, which are often sub-contracting to them.

This is sinister: first, it leaves us with a welter of unspoken facts under every fundraising initiative. When Barnardo's runs a campaign for young care leavers, or a local charity runs an appeal for winter coats (14% of children in the UK do not have a warm enough coat – how do I know that? Save the Children), nobody's talking about why.

Nobody's talking about changes to the benefit system, which leave under-25s with no options, or families who've had their tax credits cut and frozen with no money for clothes. If you raise the issue but refuse to discuss the reason that is not a neutral decision: that's colluding with the government; shoring up a version of events that ultimately blames the unfortunate for their own misfortune.

Second, when third sector organisations won't speak up, it leaves us chasing the shadows of disaster, until the disaster is so complete that nobody can deny it. Take the Work Programme in the UK: everybody knew that the system wasn't working as it was supposed to; that smaller, bespoke organisations weren't getting the referrals, that unemployed people were being stuck in a room with no expertise and a computer that didn't work, and that the figures, when they came out, would be awful.

But the only people who would say that were third sector organisations who had already gone bust (which dented their credibility). Unemployed people are being failed and vilified by a system that has spent billions on a private welfare market that doesn't work, and simply delivers money into the hands of 17 chief executives (many in the third sector). But the people who should be the pit canaries in this disaster – the social economy organisations - are too vulnerable to sound the alarm.

Finally, the aforementioned UK voluntary sector report signals a "lack of consultation and involvement", and this has been an open secret since the earliest days of this government – that massive charities who used to have pretty much open access to the prime minister during the Labour years couldn't even get face time with Iain Duncan Smith.

The third sector should see this – if I can use the language of big business myself for a second – as a strength rather than a weakness. The third sector has surrendered its campaigning voice in the interests of government preferment that isn't materialising: they should recognise this and start kicking against it.

One of the key problems with the enormous increase in statutory funding enjoyed by the third sector in Britain in the last fifteen years is the way it has stripped its beneficiaries of their autonomy and left them vulnerable to changes in government. Third sector organisations which rely on the government for 75-100% of their income, as 27,000 UK charities do, cannot call themselves independent in any meaningful sense. Many charities acknowledge this, but the kind of funding they say would give them greater independence - unrestricted grants - is not conducive to transparency and accountability.

Put simply, political patronage comes with strings attached.

We can accuse state-funded organisations in the third sector who stay silent about undesirable policies of 'colluding with the government'. If, by that we mean 'co-operate' or 'collaborate' then that is exactly what politicians expect when they employ the third sector to assist them. It is what anybody expects when they exchange money for services. When politicians spend public money to achieve political objectives, it is naive to think that politics doesn't matter. Blair and Brown did not spend thirteen years funding a network of fox hunting conservatives and anti-immigrant activists. They gave money to groups that broadly supported their agenda.

Governments are under no obligation to fund any third sector group and if a social economy organisation dislikes the ruling party enough to be briefing journalists and undermining policies, the government might consider it to be in its interests to direct taxpayers' money away from malcontents and towards groups which are more sympathetic, or at least neutral, towards government policy.

A new strategic approach to achieve maximum impact from funding was introduced in Northern Ireland in 2007. Local councils have formed eight clusters and play a much more strategic part in the delivery of PEACE III funding. The six County Councils in the Border Region of Ireland have the same role. Working in partnership with communities, they have developed local 'peace and reconciliation action plans'. Community and voluntary groups can access funding by contacting their local authority for information on their cluster's or County Council's plan, which may contain a small grants programme and opportunities to tender for the delivery of projects.

Overall management of the programme is handled by the 'Special EU Programmes Body'. This body is supervised by a monitoring committee whose members represent the different interest groups in Northern Ireland and the border regions of Ireland.

Paul and I have a mutual friend who runs a third sector organisation in Monaghan, which is the neighbouring town to Armagh, though it rests in the jurisdiction of the Irish Republic. Our friend championed the cause of an independent candidate in a recent local election in Northern Ireland, victory for whom would have been at the expense of a member of a government ruling party. In a matter of months, his organisation came under serious scrutiny from the grant making authorities in the SEUPB. His funding is due for renewal in 2014. Needless to say, he is currently exploring other employment options. It *is* that insidious.

CAIRDE's efforts at accessing SEUPB funding have been undoubtedly hampered by our inability to remain quiet about the shortcomings of the Stormont all-party regime in Northern Ireland. All the four main political parties in the north form the government, with no official opposition. The two largest parties in the north make little effort to hide the system of political patronage at play in the distribution of European and Westminster funding. An SEUPB 'Structural Investment Fund' scheduled for expenditure by Stormont parties in 2013 remains untouched as the parties squabble over which of their pet projects should receive the lion's share.

The question for governments today is whether to continue funding groups which do not share their vision (whatever that may be), while the question for the 'sock puppet' organisations in the third sector is whether to keep quiet and hope the funding rug is not pulled away from under them. Those who benefit from political patronage are, therefore, highly vulnerable to changes of government.

It's a high stakes game for the third sector. For the current planning period 2007-2013, Northern Ireland has six programmes to promote economic and social progress and peace and reconciliation. It amounts to a financial contribution of EUR 1.1 billion, including the continued PEACE programme with EUR 225 million from the EU and national contributions of EUR 108 million.

Northern Ireland has been receiving financial support from the EU since the end of the 1980s. The selective dispersal of funds has done much to isolate and marginalise third sector organisations whose public pronouncements have not chimed with the state sponsored narrative of the peace process and the parallel neo-liberal economic settlement.

James Craig, the first prime minister of Northern Ireland -after partition, described government as a matter of "distributing bones". In the sectarian blocs that were embedded in the two states established after partition in Ireland – and which were reinforced in the sectarian settlement of the Good Friday Agreement in 1998 – the politics of patronage have displaced the modernisation associated more widely across Western Europe with the expansion of the franchise, expressed in the definition of politics along left-right lines.

Political patronage in the north of Ireland has guaranteed that civic and class identity continues to be trumped by ethnic tribalism.

CONCLUSION

Therein lie the pitfalls and the challenges for those of us who have opted to work in the third sector. With sufficient will, imagination and creativity, actors within the social economy can still find the flexibility and freedom to challenge orthodox and hierarchical work management structures and create space even within the present economic system for notions of advocacy, solidarity, democracy and alternative ways of looking at the interplay between work, society and the political economy.

Discussion workshops:

‘Has the Third Sector the potential to subvert neo-liberal orthodoxy?’

‘Plotting a progressive path for the Third Sector in Europe – what are the challenges?’

References:

SOCIAL ECONOMY: BUILDING INCLUSIVE ECONOMIES – ISBN– 978-92-64-03987-2 © OECD 2007

‘The social economy building inclusive economies’ publication was prepared by Antonella Noya, Senior Policy Analyst with the OECD/LEED Programme in Paris, who also managed the whole project, and Emma Clarence, Policy Analyst at the OECD/LEED Trento Centre.